

ture bill (H. R. 9986); to the Committee on Interstate and Foreign Commerce.

9135. By Mr. SPARKS: Petition of the Methodist Episcopal Sunday School of Woodston, Kans., favoring the Federal supervision of motion pictures; to the Committee on Interstate and Foreign Commerce.

9136. Also, petition of Young Women's Christian Association, of Bird City, Kans., favoring the Federal supervision of motion pictures; to the Committee on Interstate and Foreign Commerce.

9137. By Mr. TREADWAY: Petition of registered voters of the first congressional district of Massachusetts, in favor of the passage of House bill 7884 for the exemption of dogs from vivisection in the District of Columbia; to the Committee on the District of Columbia.

9138. By Mr. SWING: Petition of various citizens of the State of California, urging the enactment of House bill 7884 for the exemption of dogs from vivisection in the District of Columbia; to the Committee on the District of Columbia.

9139. By Mr. WIGGLESWORTH: Petition of sundry citizens of the fourteenth congressional district of Massachusetts, approving enactment of House bill 7884 for the exemption of dogs from vivisection in the District of Columbia; to the Committee on the District of Columbia.

SENATE

FRIDAY, FEBRUARY 6, 1931

(Legislative day of Monday, January 26, 1931)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

APPROVAL OF THE JOURNAL

Mr. FESS. I ask unanimous consent that the Journal for the calendar days February 2, February 3, February 4, and February 5 may be approved.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H. R. 13584) to amend an act approved May 14, 1926 (44 Stat. 555), entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims," in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 3165. An act conferring jurisdiction upon the Court of Claims to hear, consider, and report upon a claim of the Choctaw and Chickasaw Indian Nations or Tribes for fair and just compensation for the remainder of the leased district lands;

H. R. 2335. An act providing for the promotion of Chief Boatswain Edward Sweeney, United States Navy, retired, to the rank of lieutenant (junior grade) on the retired list of the Navy; and

H. R. 15592. An act making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1931, and for prior fiscal years, to provide urgent supplemental appropriations for the fiscal year ending June 30, 1931, and for other purposes.

CALL OF THE ROLL

Mr. TYDINGS obtained the floor.

Mr. BARKLEY. Mr. President, I make the point of no quorum.

The VICE PRESIDENT. Does the Senator from Maryland yield for that purpose?

Mr. TYDINGS. I do, if I may have the floor when a quorum is secured.

The VICE PRESIDENT. The Chair feels that he should state that the junior Senator from Utah [Mr. KING] had the floor when the Senate recessed yesterday, and would be entitled to it when the pending appropriation bill is again before the Senate. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Fletcher	King	Smith
Barkley	Frazier	La Follette	Smoot
Bingham	George	McGill	Steck
Black	Gillett	McKellar	Stelwer
Blaine	Glass	McNary	Swanson
Blease	Glenn	Morrow	Shephens
Borah	Goff	Moses	Thomas, Idaho
Bratton	Goldsborough	Norbeck	Thomas, Okla.
Brookhart	Gould	Norris	Townsend
Broussard	Hale	Nye	Trammell
Bulkeley	Harris	Oddie	Tydings
Capper	Harrison	Patterson	Vandenberg
Caraway	Hastings	Phipps	Wagner
Carey	Hatfield	Pine	Walcott
Connally	Hawes	Pittman	Walsh, Mass.
Copeland	Hayden	Ransdell	Walsh, Mont.
Couzens	Hebert	Reed	Waterman
Cutting	Heflin	Robinson, Ark.	Watson
Dale	Howell	Robinson, Ind.	Wheeler
Davis	Johnson	Schall	Williamson
Deneen	Jones	Sheppard	
Dill	Kean	Shipstead	
Fess	Kendrick	Shortridge	

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

Mr. McNARY. Mr. President, will the Senator from Maryland yield to me for the purpose of submitting a unanimous-consent request?

Mr. TYDINGS. I will, if I may have the floor afterwards.

The VICE PRESIDENT. The Senator from Maryland has the floor.

BUSINESS OF TUESDAY EVENING'S SESSION

Mr. McNARY. Mr. President, if Senators will peep into the Legislative Calendar they will observe about 250 bills awaiting consideration by this body. Two weeks ago I asked and obtained unanimous consent for the consideration at an evening session of unobjected bills on the calendar, at which time in less than three hours the same number of bills were given consideration. I desire particularly that we may give sufficient notice to Members so they can arrange other matters. Therefore I am asking a unanimous-consent agreement for a call of the calendar on Tuesday night next. I submit the proposed agreement, which I send to the desk.

The VICE PRESIDENT. Let it be read for the information of the Senate.

The Chief Clerk read as follows:

It is proposed by unanimous consent that at not later than 5.30 o'clock p. m., on Tuesday, February 10, 1931, the Senate take a recess until 7.30 o'clock p. m., at which hour it shall proceed to the consideration of unobjected bills on the calendar, subject to the limitations of debate provided in Rule VIII, and continue their consideration until the calendar is completed, or until not later than 11 o'clock p. m.

The VICE PRESIDENT. Is there objection?

Mr. LA FOLLETTE. Mr. President, there is a bill on the calendar which has also been given a position upon the so-called steering committee program, the bill (H. R. 6603) to provide a shorter work week for postal employees, and for other purposes. After some consideration and investigation I believe there will not be any protracted debate on the bill. I do not want to interfere with the unanimous-consent agreement proposed by the Senator from Oregon, but I would like to submit a supplemental unanimous-consent proposal to ascertain whether it could be incorporated into his proposed agreement. It would be to the effect that at 7.30 o'clock on next Tuesday night the Senate shall proceed to the consideration of Calendar No. 1232, the bill (H. R. 6603) to provide a shorter work week for postal employees, and for other purposes, and that on or before 8.30 o'clock p. m. the Senate shall proceed to vote upon all amendments that may be pending and all amendments that may be offered and upon the bill through its various parliamentary stages to

final disposition. If such an amendment were proposed to the unanimous-consent agreement submitted by the Senator from Oregon, I inquire if it would be acceptable to the Senate.

The VICE PRESIDENT. It would require the calling of a quorum, under Rule XII, inasmuch as it provides for a final vote on the passage of the bill.

Mr. LA FOLLETTE. We have just had a quorum call.

The VICE PRESIDENT. The calling of the roll could be dispensed with by unanimous consent.

Mr. ROBINSON of Arkansas. Mr. President, I have no objection to the request of the Senator from Oregon, nor do I object to the modification of it as proposed by the Senator from Wisconsin. The bill to which the latter has referred has been called upon the calendar, and in one instance I myself asked that it should go over in order that it might receive consideration. The arrangement he has suggested provides for a reasonable time for a discussion of the measure, and therefore I join in the request.

Mr. PHIPPS. Mr. President, in view of the fact that I also objected to the consideration of the bill referred to by the Senator from Wisconsin when it was called on the calendar the other evening, for the reason that I thought it should have a little consideration, I wish to say now that I have no objection to the suggestion of the Senator from Wisconsin.

Mr. JONES. Mr. President, I suggest to the Senator from Wisconsin that he ought to fix a time after which no one should talk longer than five minutes.

Mr. LA FOLLETTE. Under the proposed unanimous-consent agreement submitted by the Senator from Oregon the debate would be under Rule VIII.

Mr. JONES. I know; but if amendments are offered and an amendment is pending at the hour fixed for the final vote, there might not be a fair opportunity to consider some of those amendments. I do not think we ought to enter into an agreement of that kind. In my judgment, if, after a certain hour, debate should be limited to five minutes, we could very soon dispose of the bill. That would give an opportunity for a discussion of any amendment that might be pending, and it would prevent action upon an amendment without any discussion at all, and yet such an agreement would tend to limit debate.

Mr. LA FOLLETTE. I shall be very glad to accept the suggestion of the Senator from Washington.

Mr. JONES. I would suggest that after 8 o'clock no one shall speak longer than five minutes upon the bill or any amendment pending thereto.

Mr. McNARY. The purpose I had in offering the original proposal was to go through the calendar next Tuesday evening, which would require at least two hours and a half. I am willing to accept the modification of the proposal suggested by the Senator from Wisconsin, provided it does not interfere with the legitimate consideration of the calendar, but even if there is a limitation of debate there might be such a number of 5-minute speeches that the purpose which I so much desire might be frustrated.

Mr. LA FOLLETTE. Could we not have an understanding that if the bill shall not be disposed of within a reasonable length of time I will be perfectly willing to withdraw it from further consideration in order not to impede the consideration of the calendar. I am satisfied, however, Mr. President, that this bill can be disposed of in less than an hour.

Mr. McNARY. I am willing to agree to that if the limitation on debate may begin to run 30 minutes after we convene at 8 o'clock.

Mr. LA FOLLETTE. That will be satisfactory to me, that after 8 o'clock no Senator shall speak oftener than once or longer than five minutes, and that at 8.30 the Senate shall proceed to vote without further debate upon all amendments that may be pending and all amendments that may be offered.

Mr. McNARY. That proposal would run counter to the wishes of the Senator from Washington.

Mr. JONES. I do not think a definite time for a vote ought to be fixed. We will reach such a time with a 5-minute limitation very soon.

Mr. LA FOLLETTE. Very well.

Mr. JONES. I heartily favor the bill the Senator has in mind.

Mr. LA FOLLETTE. I know the Senator favors it. Then I suggest that at 7.30 o'clock on Tuesday evening next the Senate proceed to the consideration of House bill 6603, Order of Business No. 1232, that at 8 o'clock debate be limited to five minutes upon the bill and all amendments, and that no Senator shall speak more than once.

Mr. McNARY. And then that the proposal which I submitted shall follow.

The VICE PRESIDENT. Is there objection?

Mr. SHORTRIDGE. I object for the moment.

Mr. NORRIS. I am going to make a suggestion to the Senator from Wisconsin. He said, "No Senator shall speak more than once nor longer than five minutes," and stopped there. Should not the words be included "upon the bill or any amendment thereto"?

Mr. LA FOLLETTE. I will accept the Senator's suggestion.

The VICE PRESIDENT. Is there objection?

Mr. SHORTRIDGE. Mr. President, for the moment, I object. May not the suggestion of the Senator from Wisconsin be so worded that a vote upon all amendments and the bill itself shall be had not later than 8.30 o'clock? May it not be so wisely formulated?

Mr. LA FOLLETTE. I first suggested that, but the Senator from Washington pointed out that he thought it would not give an opportunity for discussion of the amendments which might be proposed just before the time set for the final vote. In view of the interest which I know the Senator from California has in this bill, I trust that he will permit us to have the unanimous-consent agreement entered into as it is now proposed. I am sure the bill will be disposed of before 8.30 o'clock.

Mr. McNARY. I think that will prove to be true.

Mr. SHORTRIDGE. Very well; I will not interpose any objection.

Mr. SMITH. Mr. President, now may we have the proposed unanimous-consent agreement read as modified?

The VICE PRESIDENT. The Secretary will read the proposed agreement as now modified.

The Chief Clerk read as follows:

Ordered, by unanimous consent, that at not later than 5.30 o'clock p. m. on Tuesday, February 10, 1931, the Senate take a recess until 7.30 o'clock p. m., at which hour it shall proceed to the consideration of the bill (H. R. 6603) to provide a shorter work week for postal employees, and for other purposes, and that after the hour of 8 o'clock p. m. no Senator shall speak more than once or longer than five minutes upon the bill or any amendment thereto, and immediately after the disposition of said bill the Senate proceed to the consideration of unobjected bills on the calendar, subject to the limitation of debate provided in Rule VIII, and continue their consideration until the calendar is completed, or until not later than 11 o'clock p. m.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

INDEPENDENT OFFICES APPROPRIATIONS

Mr. JONES. Mr. President—

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Washington?

Mr. TYDINGS. I yield.

Mr. JONES. I assume that the unfinished business is before the Senate.

The VICE PRESIDENT. The unfinished business is before the Senate.

The Senate resumed the consideration of the bill (H. R. 16415) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1932, and for other purposes.

USE OF WINE-GRAPE CONCENTRATES

Mr. TYDINGS. Mr. President, on day before yesterday I called to the attention of the Senate the contents of a cer-

tain pamphlet which proclaimed the doctrine that wine making in the home was legal. I hold in my hand a most interesting communication addressed to me and signed by Dr. Clarence True Wilson, which deals with this subject. Doctor Wilson is the president of the Board of Temperance, Prohibition, and Public Morals, and I am happy to state that he says, in effect, that the observations which I made on the floor day before yesterday are accurate so far as his organization is concerned. This letter, in my judgment, is so important that I am going to ask the clerk to read it from the desk in my time, after which I should like to comment upon it.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read, as requested.

The Chief Clerk read as follows:

BOARD OF TEMPERANCE, PROHIBITION,
AND PUBLIC MORALS,
Washington, D. C., February 5, 1931.

Senator MILLARD E. TYDINGS,

United States Senate, Washington, D. C.

DEAR SENATOR TYDINGS: I have just completed the reading of your remarks, delivered in the Senate of the United States yesterday, in regard to the manufacture and sale of Vine-glo and similar commodities.

If anyone in the Senate of the United States or elsewhere believes that the effort to build up a nation-wide trade in home-wine materials has the tacit consent of the so-called dry organizations, he is undoubtedly in error. Certainly this organization would stultify itself by refusing to challenge an undertaking which in its opinion strikes directly at the sincerity of purpose of the eighteenth amendment. There need be no misunderstanding. The commodities in question are supplied in various wine flavors, sold in 5 and 10 gallon kegs, and advertised in such a way as to leave no doubt that they will, after delivery, become strongly intoxicating. In our opinion, such materials may be properly looked upon as partially manufactured intoxicating liquors, and it seems to us that every reason which suggests the prohibition of the manufacture and sale of beer and whisky holds against the permitted manufacture and sale of a commodity clearly intended to eventuate in the production of intoxicating wine.

Certainly, if such a traffic is legal under section 29 of the national prohibition act, that section should be amended, and an effort to amend it should have the support of all those, wet or dry, to whom evasion of the purpose of law is not only distasteful but believed to be strongly prejudicial to the prestige of government. It is a question of honesty and sincerity and no less a question of protecting many homes of the country from the invasion of want and cruelty.

While, therefore, we would view with concern anything injurious to the position of the Howell bill, so seriously needed in the Nation's Capital, we would have a most approving interest in any direct and uncomplicated proposal so to amend the national prohibition act as to prevent the further development of trade so certain to result in serious mischief and clearly based upon an unjustified discrimination.

Very truly yours,

CLARENCE TRUE WILSON,
General Secretary.

Mr. TYDINGS. So, Mr. President, we find as to the remarks which I made day before yesterday touching upon the discrimination made in favor of 20 per cent wine that the Board of Temperance and Prohibition and Public Morals is at least in harmony with the argument which I set out at that time. In other words, to-day in the United States it is perfectly legal to manufacture 20 per cent wine, but it is illegal to manufacture 4 per cent beer, or any other alcoholic beverage except wine. Doctor Wilson says in his letter:

Certainly, if such a traffic is legal under section 29 of the national prohibition act, that section should be amended, and an effort to amend it should have the support of all those, wet or dry, to whom evasion of the purpose of the law is not only distasteful but believed to be strongly prejudicial to the prestige of the Government. It is a question of honesty and sincerity and no less a question of protecting many homes of the country from the invasion of want and cruelty.

Mr. President, those who are arrayed on various sides of the prohibition question have often had difficulty in arriving at the same conclusions. I am happy to relate on this occasion that the leading exponent of national prohibition in this country, or one of the leading exponents, has the honesty to say that under our present law the manufacture of wine is permitted regardless of its alcoholic content, and therefore he says in his letter it is just as legal to permit the manufacture of beer or gin or whatever the individual may wish to make. I therefore feel that the statement I made the other day, having met with the approval, in logic

at least, of this leading prohibitionist, will receive the attention of the Senate. We either should permit all beverages to be made in the home, as we now permit wine to be made, or we ought to stop wine making in the home and govern this country in the interest of equality and without discrimination.

Mr. President, the National Commission on Law Observance and Enforcement in its recent voluminous report on prohibition presented at length its findings and conclusions on the anomalous provision in section 29 of the national prohibition act which legalizes the manufacture of wine and cider in the home for home use.

This provision of the act exempts the home manufacturer of wines and cider from the penalties of the act. I wish to state at the outset of this discussion that this provision was written into the national prohibition law by the late Wayne B. Wheeler, general counsel and legislative agent of the Anti-Saloon League. It was not a "joker" slipped into the national prohibition law by an opponent of the law; it was put in there by the real author of the Volstead Act.

This beneficent legislative gift which Mr. Wheeler bestowed upon an otherwise arid country has enabled the California grape growers, to quote from the literary classic recently written for them by Mrs. Mabel Walker Willebrandt, "to rescue for human society the native values of rural life."

What has been the rescue? What volume of "native values of rural life" has been drawn ashore for "human society" by the life line flung by Mr. Wheeler to the California grape growers just in time to prevent them from being sunk by the prohibition law?

I turn to a report on "The possible production of illegal liquor in the United States for the fiscal year ending June 30, 1930," issued under the direction of Amos W. W. Woodcock, Director of the Prohibition Bureau of the Department of Justice, for an answer. On page 36 of this report Mr. Woodcock gives us an estimate of the wines made in the United States since the enactment of the prohibition law, and on pages 6 and 6a he quotes the official figures of the wines consumed in the United States before prohibition.

I hope Senators will give their attention to this astounding document, coming, as it does, from Mr. Woodcock, an estimable gentleman, an honest gentleman, and a sincere dry, now Director of the Prohibition Bureau of this Government, because it certainly is devastating in its consequences.

I should say here that Mr. Woodcock's estimates of the wines made in the United States since prohibition are based entirely on California grape production, and do not include an estimate on the huge amount of grapes grown on farms elsewhere in the United States or on town lots.

Now, here are the significant figures. I quote from Mr. Woodcock's report the wine production for the last five years before prohibition, and the last five years of prohibition:

	Before prohibition	Gallons
1915.....	32,911,909	
1916.....	47,587,145	
1917.....	42,723,376	
1918.....	51,598,024	
1919.....	54,272,656	
Total.....	229,293,090	
	After prohibition	Gallons
1925.....	137,225,550	
1926.....	126,165,400	
1927.....	143,573,400	
1928.....	153,614,400	
1929.....	118,320,300	
Total.....	678,909,050	

That shows that we are consuming to-day, according to Mr. Woodcock—than whom there is no more sincere dry public official in this country—three times as much wine as was consumed in this country before prohibition took effect.

We see from these computations that during the five years preceding prohibition, in which the wine consumption in the United States was practically normal, there was withdrawn from warehouses for consumption in the entire United States

only 229,293,090 gallons of wine, while during the last five years of prohibition, according to Mr. Woodcock, there has been made from California grapes alone 678,909,050 gallons of 12 per cent wine.

By virtue of the magnanimity of Mr. Wheeler, of the Anti-Saloon League, the manufacture and consumption of wine in the United States is mathematically almost exactly three times the consumption of wine before prohibition.

Mr. Woodcock has taken the trouble to compute the exact gallonage of absolute alcohol in the 678,909,050 gallons of wine made during the past five years. His figures show that it was 71,366,886 gallons, which is the equivalent of 142,733,272 gallons of 100 proof brandy or cognac.

I wish to observe here that Mr. Woodcock's estimates of the wine made in the United States, under the operation of the national prohibition law, is far below that of unofficial independent investigators. By many others the amount is fixed at well over 200,000,000 gallons a year. If we had any way of finding out how much wine is made from home-grown grapes, and from other fruits, I have no doubt that the quantity would far exceed Mr. Woodcock's figures.

Now, it is an incontestable fact that all the wine made in the homes of the United States for home use is entirely legal under the interpretation of the courts and the policy of the Federal prohibition enforcement department, notwithstanding the fact that it contains 12 per cent of alcohol, or twenty-four times the amount of alcohol fixed in section 1 of the national prohibition act as constituting an intoxicating liquor.

There has been much loose talk in the country about the legalization of light wines. Under the national prohibition law, as written by Mr. Wheeler and as interpreted by the courts and the enforcement authorities, the United States is now enjoying legal light wines to fully three times the extent of its consumption of wines before the adoption of the law.

The National Commission on Law Observance and Enforcement, finding that the lower Federal courts, including one of the circuit courts of appeal, had upheld the legality of 12 per cent wine when made in the home for home use, said:

The Government appears to have acquiesced in that construction of the act refraining from seeking a final interpretation by the Supreme Court of the United States. As the matter stands, then, when wine is produced in the home for home use, whether or not the product is intoxicating is a question of fact to be decided by the jury in each case. If this view stands, it becomes impracticable to interfere with home wine making, and it appears to be the policy of the Government not to interfere with it. Indeed, the Government has gone further. Prepared materials for the purpose of easy home wine making are now manufactured on a large scale with Federal aid.

So, the Wickersham Commission finds, the Federal Government itself is rendering aid to help flood the country with 12 per cent wine. The commission failed to tell us the extent of the aid rendered by the Federal Government to make the country safe for the home manufacture of wine.

I find upon examination of the facts that the Federal Farm Board had, up to January 20, 1931, loaned a total of \$19,187,622.07 to the California grape grower cooperatives, of which \$2,555,330 was loaned to Fruit Industries (Ltd.), of San Francisco, a \$30,000,000 corporation, whose principal business is the manufacture and sale of grape concentrates for the manufacture of wine and champagne in the homes. As a very large part of the California grape crop goes into the home manufacture of wine, so a very large part of the \$19,187,622.07 of Government money goes into production and distribution of grapes and grape concentrates so that the home demand for light wines may be legally supplied.

For the purpose of the record I quote in full the letter from the Federal Farm Board written to one of my colleagues in the House, the Hon. JOHN J. COCHRAN, of Missouri:

HON. JOHN J. COCHRAN,
House of Representatives.

DEAR MR. COCHRAN: In response to your letter of January 19, 1931, requesting information relative to loans made by the Federal Farm Board to California grape grower cooperatives, the total advances to January 20, 1930, were \$19,187,622.07, of which \$4,011,-

809.70 had been repaid, leaving a balance outstanding of \$15,175,812.37.

California Grape Control Board (Ltd.), San Francisco, Calif., has a loan at present of \$3,500,000. This loan was made to assist in carrying out the grape surplus control program which was underwritten by the industry with more than 85 per cent of the growers participating.

The California Raisin Pool, Fresno, Calif., has a supplemental commodity loan of \$4,036,072.58. This money, together with a primary loan obtained from the Federal Intermediate Credit Bank, Berkeley, was to enable the pool to make advances to growers on their raisins when delivered and is secured by approximately 215,000,000 pounds of raisins, subject to a prior lien by the Intermediate Credit Bank.

Outstanding loans to Fruit Industries (Ltd.), San Francisco, Calif., amount to \$2,555,330, of which \$1,300,000 is on physical facilities with an appraised value in excess of \$3,300,000.

Sun-Maid Raisin Growers of California and Sun-Maid Raisin Growers Association, Fresno, Calif., have commodity and facility loans totaling \$5,084,409.79, the one on physical facilities being secured by gold bonds of the Sun-Maid Raisin Growers Association in the amount of \$4,390,500.

Trusting the above will meet your requirements, I am,

Sincerely yours,

EDGAR MARKHAM,
Assistant to the Chairman.

Senators, not only have we proven—and no one has controverted a single assertion to that effect—that this wine is intoxicating, that it is in violation of the eighteenth amendment, and that a discrimination is given to wine which is not given to other beverages, but here we have established the fact that the Federal Government is financing the people who are conniving to defeat the purpose and intent of the eighteenth amendment.

Mr. Woodcock tells us, on page 34, of his survey on the illegal liquor manufactured in the United States, that 100 per cent of the wine grapes of California, 10 per cent of the table grapes, 100 per cent of the fresh raisin grapes, and 10 per cent of the raisins, very probably went into the manufacture of 12 per cent wines. All together the records show approximately 80,000 carloads of 14 tons each of California grapes are shipped annually to the markets, and practically all of these fresh grapes are made into homemade wines. But in addition to the grapes shipped, Fruit Industries (Ltd.) is engaged largely in the manufacture of grape concentrates which are used wholly in the manufacture of wines and champagnes in the homes. While it is possible to make only a 12 per cent wine from natural fermentation from fresh grapes, the prepared grape concentrates yield wines and champagnes of 19 to 20 per cent of alcohol.

Now, while the Federal Government is actually engaged, by means of huge financial subsidies, in aiding the grape growers of California to produce and market grapes and grape concentrates for the manufacture of 150,000,000 gallons a year of 12 to 20 per cent wines and champagnes, and while the Federal Prohibition Enforcement Department is accepting home manufacture of wines and champagnes as legal, the Federal Government, on the other hand, is militantly engaged in filling the jails and penitentiaries with citizens whose only offense may have consisted in the commercial manufacture and sale of beverages containing as much as one-half of 1 per cent of alcohol.

We go out and arrest a man, we put him behind prison bars, for manufacturing a beverage containing 2 per cent of alcohol, and, on the other hand, we allow another man to manufacture a liquid containing 20 per cent of alcohol, and not only do we refuse to arrest him, but we actually lend him the Government's money so that he can make his business far spread and profitable.

MR. SHEPPARD. Mr. President—

THE PRESIDENT pro tempore. Does the Senator from Maryland yield to the Senator from Texas?

MR. TYDINGS. I yield.

MR. SHEPPARD. What is the Senator's authority for stating that we permit a man to manufacture a liquid containing 20 per cent of alcohol?

MR. TYDINGS. I am coming to all that. I just read the statement of Mr. Woodcock, the Director of the Bureau of Prohibition; I have read the court decision of the United States circuit court of appeals. I read a letter from Dr. Clarence True Wilson to me yesterday, saying it was being done legally, and I have here further testimony, which I am

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coming to as rapidly as I can, to show that from the top of the Government down to the bottom there is not one agent, one official, one district attorney, anyone, who says that it is illegal to make this wine in your cellar in accordance with the Vine-Glo pamphlet.

Mr. SHEPPARD. I want the Senator to give us his judicial authority for the statement that the manufacture of a liquid containing 20 per cent of alcohol is legal. I want to say further to him that test cases have been instituted in two or three places throughout the country to try the Vine-Glo matter out before the courts.

Mr. TYDINGS. I want to say to the Senator that I am going to read a number of cases which have been tried out before the courts and to show that the court decision I have read was to the effect that as long as these people put the stuff in a keg and nature did the work there was no violation of the law. I am going to read the Senator a great deal of additional evidence in addition to the court decision. I am going to read him the Law Enforcement Commission's finding. I am going to read him the opinion of Colonel Woodcock, the Director of the Prohibition Bureau. I am going to read him the opinion of Mrs. Mabel Walker Willebrandt. I am going to read him numerous opinions, and I do not think he will want any more proof when I get through reading the opinions I have here.

Mr. SHEPPARD. Mr. President, I want to say to the Senator from Maryland that in my view the party who manufactures a liquid in the home which contains more than a half per cent of alcohol is amenable under the law, and that if any misguided person attempts to carry out what the circular the Senator read the other day recommended he will be guilty and will be subject to punishment.

Mr. TYDINGS. If the Senator will just sit by until I finish reading the court decisions and the numerous proofs which I have in my hand he will see that any man, woman, or child in this country can take this Vine-Glo home and turn it into wine and will not violate any law on the United States statute books.

Mr. SHEPPARD. Mr. President, I deny that absolutely.

Mr. TYDINGS. The courts are against the Senator. Of course, the Senator can not overrule the courts.

Mr. SHEPPARD. I have a right to my own opinion.

Mr. TYDINGS. The Senator can not show me decisions of the courts to sustain his view, but I can show him numerous decisions of the courts, the statement of the Prohibition Director, Colonel Woodcock, the statement of the Law Enforcement Commission, in which every one of the 11 members joined, that this is going on. If the Senator will bear with me, I will come to it and read it to him in due time.

Mr. SHEPPARD. Mr. President, I shall be glad to hear the Senator.

Mr. WALSH of Massachusetts. Mr. President—

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). Does the Senator from Maryland yield to the Senator from Massachusetts?

Mr. TYDINGS. I yield.

Mr. WALSH of Massachusetts. The Senator read a letter from Mr. Wilson. I understood Mr. Wilson in that letter to state that he considered this process of making wine to be legal. Am I correct in that?

Mr. TYDINGS. I would not like to say that he used exactly that strong language, but he said this:

The commodities in question are supplied in various wine flavors, sold in 5 and 10 gallon kegs, and advertised in such a way as to leave no doubt that they will, after delivery, become strongly intoxicating. In our opinion, such materials may be properly looked upon as partially manufactured intoxicating liquors, and it seems to us that every reason which suggests the prohibition of the manufacture and sale of beer and whisky holds against the permitted manufacture and sale of a commodity clearly intended to eventuate in the production of intoxicating wine.

He says "permitted manufacture and sale."

Mr. WALSH of Massachusetts. Mr. President, it seems to me that clearly is a condemnation of the practice, and inferentially he argues that it is a violation of law.

Mr. TYDINGS. That is right.

Mr. WALSH of Massachusetts. Now, may I ask the Senator another question? Has even our distinguished and

able and gracious friend the Senator from Texas, or any other spokesman of the Anti-Saloon League, or the prohibition cause, proposed or suggested any amendment or any law which would include these practices as violations of the prohibition law?

Mr. TYDINGS. So far as I am personally able to answer the Senator's question, I know of no measure pending or any measure which has been introduced since 1920 which seeks to make illegal the manufacture of wines under the conditions I have stated. The whole process of government has taken the stand that they are legal, and no move has been made to take away this discrimination.

Mr. WALSH of Massachusetts. It would seem that this practice, and the failure of the prohibition agents to try to check it, are confirmatory of the belief in this country that when the prohibition law was passed a wink was given by the advocates of prohibition to the farmer indicating that he could continue to make hard cider, and to the grape growers indicating that they could continue to raise grapes for wine purposes.

Mr. TYDINGS. There is no question in the world about that, in my judgment.

Mr. SHEPPARD. Mr. President, will the Senator yield?

Mr. TYDINGS. If the Senator will pardon me, I will yield in a moment.

In my judgment, the rural sections were dry under local laws; that is, the saloon had been put out of business, and the possession of liquor usually was illegal. So, in order to keep that force back of the Anti-Saloon League proposal, they put this "joker," as I call it, deliberately into the Volstead Act, so that the farmer could make his cider as strong as he wanted it. But the city man could not have his beer, because we all know that in a great many of the agricultural sections any town which has over 10,000 people is looked upon as sinful, and every man in it is looked upon as corrupt, as low, as villainous, as criminal. Just so there are over 10,000 people living in a city, the very fact that it is a city makes it a wicked place, and all righteousness in God's world is away out where the West begins, where cities are scarce, very few and far between.

Mr. SHEPPARD. Mr. President, will the Senator read the "joker"?

Mr. TYDINGS. I did read it. I am sorry the Senator was not here. But I will read it over and over again in the course of my remarks.

Mr. SHEPPARD. Will the Senator read it now? Has he it easily available?

Mr. TYDINGS. I will have to repeat it in great detail.

Mr. SHEPPARD. The Senator refers to section 29 of the Volstead Act, does he not?

Mr. TYDINGS. Yes.

Mr. SHEPPARD. Can he not read it?

Mr. TYDINGS. I am going to read it, and I am going to read right after it the decisions of the courts upon it. Will not the Senator forbear until I come to that?

Mr. SHEPPARD. Let him read it now.

Mr. TYDINGS. I have not it just at hand. I have it in my remarks, but I do not want to go through them now.

Mr. SHEPPARD. The Senator will find that it refers to nonintoxicating liquor.

Mr. TYDINGS. I am going to take all that up. The court itself takes it all up, if the Senator will just have patience and let me reach it.

Mr. SHEPPARD. I want to make my attitude clear to my friend, the Senator from Massachusetts, and to my friend, the Senator from Maryland. I have always believed that the manufacture of intoxicating liquor in the home was illegal under the Volstead Act, whether it is called cider or wine or anything else.

Mr. WALSH of Massachusetts. I think everybody has understood that to be the Senator's position.

Mr. TYDINGS. I do not want to go back and read—

Mr. SHEPPARD. Mr. President—

The PRESIDING OFFICER. The Senator from Maryland has the floor. To whom does he yield?

Mr. TYDINGS. I will read this, and then I will yield. I am reading from the decision of the United States circuit court of appeals, and what I read is not what I say but what the court says. Listen to this:

The Government appears to have acquiesced in that construction of the act by refraining from seeking a final interpretation by the Supreme Court of the United States. As the matter stands, then, when wine is produced in the home for home use, whether or not the product is intoxicating is a question of fact to be decided by the jury in each case. If this view stands, it becomes impracticable to interfere with home wine making, and it appears to be the policy of the Government not to interfere with it. Indeed, the Government has gone further. Prepared materials for the purpose of easy home wine making are now manufactured on a large scale with Federal aid.

Mr. SHEPPARD. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. SHEPPARD. Clearly that decision is not final. "As the matter stands," it says.

Mr. TYDINGS. It is a better decision, as far as the man who was up before the court on trial is concerned, than the Senator's statement is, because that decided that he was free.

Mr. SHEPPARD. But it is not a final holding by the highest court as to the significance of section 29 of the Volstead Act.

Mr. TYDINGS. Then why has not the Federal Government, in the 11 years we have had prohibition, and a Director of the Prohibition Enforcement Bureau, and the Anti-Saloon League, and the others who are in favor of national prohibition, gone into the courts and established the correctness of their findings by having it determined by the Supreme Court of the United States? Why did they stop with their appeal at the United States circuit court of appeals?

Mr. SHEPPARD. The Senator can not get away from my statement that he has not yet cited any final judicial authority for the position he is taking.

Mr. TYDINGS. Who is final legal authority?

Mr. SHEPPARD. The Supreme Court of the United States.

Mr. TYDINGS. In other words, whatever the inferior courts decide, even though they are United States district courts and United States circuit courts of appeal, is not final authority?

Mr. SHEPPARD. The decision itself, which the Senator quoted, said it was not final.

Mr. TYDINGS. There are about 200,000 people who have been sentenced to jail since prohibition, and in every case the decision was very final.

Mr. SHEPPARD. I challenge the Senator to cite any final legal authority to sustain his position, and I will say that cases have been instituted by the Government to test this matter.

Mr. TYDINGS. I will say this, that I have never contended for a moment that the Supreme Court had passed on this question. What I did contend was that the Federal courts which had passed on the question had said that the situation I have sketched did exist, and that the Government had practically connived in permitting the widespread dissemination of these concentrates for wine making.

Mr. SHEPPARD. Mr. President, that is an entirely different proposition from that the Senator stated the other day. He stated that here is a violation of the eighteenth amendment, and yet that a man who makes a liquid containing more than one-half per cent of alcohol is punished, while a man who makes a liquid containing 20 per cent alcohol goes unpunished, although he violates the eighteenth amendment, that the Volstead Act authorizes such a situation.

Mr. TYDINGS. Here is the difference between the position of the Senator from Texas and myself. He says that when a matter is submitted to a United States court and is decided in favor of the side which I have advocated in this controversy, that does not make any difference, because at some later date, in some other case, 50, 60, 100 years from now, or, perhaps, never, the Supreme Court may ultimately pass on the question and prove that all the other courts are

wrong, and therefore until that time every one of these courts has no standing whatsoever.

Mr. SHEPPARD. Not at all, Mr. President. The Senator is in error. I asked him, first, to read section 29 of the Volstead Act, and this he did not do. I then asked him to give us a final legal authority upholding his position. The only decision he read said that the matter was still unsettled.

Mr. TYDINGS. No; I disagree with the Senator. The matter was very definitely settled, because the representatives of the Federal Government refused to carry the case to the Supreme Court of the United States. The man who was on trial for violating the thing having been found not guilty in the United States circuit court of appeals, walked out of the court room as free as the air we breathe.

Mr. SHEPPARD. I am willing to let the language of the decision decide the matter between us.

Mr. TYDINGS. The man went free, and certainly if he had been guilty he would not have been able to walk out of the court room. But the Senator is going to have many other court decisions, if he will bear with me, which are even broader than that one.

Let me analyze the legal situation as it applies to the individual citizen:

Under the national prohibition law, as it is now interpreted and enforced, any citizen may make any quantity of 12 to 20 per cent wines and champagnes in his home, for home use only, without violating the Federal prohibition law, and the Federal Government aids him in such manufacture and use of wines and champagnes by financing the grape growers and manufacturers of grape concentrates.

But if the same citizen manufactures any wine or champagne containing as much as one-half of 1 per cent of alcohol outside of his home for home use exclusively, he at once becomes what our dry friends eloquently describe as a "liquor outlaw," subject to all the severe penalties of the law, including the loss of his citizenship.

The wine or champagne made outside of the home may contain only one twenty-fourth to one-fortieth of the alcohol in the wine made in the home, but nevertheless it is a criminal act under the law, while the manufacture of the 12 to 20 per cent wine in the home is entirely legal, and is under the financial encouragement of the Government itself.

Is it any wonder that we find the 11 great minds of the Wickersham Commission musing thus in unison on this proposition; I am now quoting from the Wickersham report:

Why home wine making should be lawful—

Does that answer the Senator's question?

Mr. SHEPPARD. Not at all. It does not.

Mr. TYDINGS. The Wickersham Commission agrees with me and the courts agree with me. The only person who does not agree with me is the Senator from Texas.

Mr. SHEPPARD. The courts do not as a matter of finality agree with the Senator from Maryland; neither do I. The Senator has never stated the case fairly or accurately, and I say that with all due respect, because the Senator is my personal friend.

Mr. TYDINGS. I am going to rely on the decisions of the courts a little later on, and we will see who is stating the case fairly when we get to them. Now, I am quoting again from the Wickersham Commission's report:

Why home wine making should be lawful while home brewing of beer and home distilling of spirits are not; why home wine making for home use is less reprehensible than making the same wine outside of the home for home use, and why it should be penal to make wine commercially for use in homes and not penal to make in huge quantities material for wine making and set up an elaborate selling campaign for disposing of them is not apparent.

The Wickersham Commission made its report after sitting 21 months. On that commission there were three or four United States district judges who concurred in the report. Those four judges say "why home wine making should be lawful."

Four members of the Wickersham Commission, United States district judges, sign a report in which they say home wine making is legal. Does the Senator take issue with the four judges?

Mr. SHEPPARD. I do, absolutely. The language of section 29 of the Volstead Act, which the Senator has not yet read, will justify my position.

Mr. TYDINGS. Why does not the Senator read it?

Mr. SHEPPARD. I have asked the Senator from Maryland to read it.

Mr. TYDINGS. I do not have it here or I would read it for the Senator.

Mr. SHEPPARD. I have it in my desk.

Mr. TYDINGS. I will yield for the Senator to read it if he wants to do so.

Mr. SHEPPARD. I shall read it just as soon as I can find it.

Mr. TYDINGS. The one thing the prohibition enforcement law has done is to drive the manufacture not only of wine but of beer and spirits into the home. Not only is the home manufacture of all kinds of liquors being carried on to an enormous extent, but such manufacture is likely to remain there beyond the reach of the law until the law is changed. The Wickersham Commission recognized this fact, in the following statement, page 59 of its original report, and pages 32 and 33 of the House reprint of the report:

The difficulties presented by home production differ from those arising in other phases of the general situation, in that they involve arousing of resentment through invasion of the home and interference with home life.

Necessity seems to compel the virtual abandonment of efforts for effective enforcement at this point, but it must recognize that this is done at the price of nullification to that extent. Law here bows to the actualities, and the purpose of the law needs must be accomplished by less direct means.

Mr. SHEPPARD. Mr. President, will the Senator yield to me now?

Mr. TYDINGS. Gladly.

Mr. SHEPPARD. Section 29 of the Volstead Act is the penalty section of the act. After specifying the penalties, section 29 reads as follows:

The penalties provided in this act against the manufacture of liquor without a permit shall not apply to a person for manufacturing nonintoxicating cider and fruit juices exclusively for use in his home, but such cider and fruit juices shall not be sold or delivered except to persons having permits to manufacture vinegar.

It refers specifically to nonintoxicating cider and fruit juices.

Mr. TYDINGS. I am delighted that the Senator finally got section 29 of the Volstead Act.

Mr. SHEPPARD. Finally got it? I asked the Senator to read it because of his statement about it in the beginning, and he is the one who finally finds it through my assistance.

Mr. TYDINGS. I am very glad the Senator read it, however it was found.

The penalties provided in this act against the manufacture of liquor—

Note that, "the manufacture of liquor"—

without a permit shall not apply to a person for manufacturing nonintoxicating cider and fruit juices exclusively for use in his home, but such cider and fruit juices shall not be sold—

Why not sell them? Why not sell fruit juices that are nonintoxicating?

Mr. SHEPPARD. That is a different proposition altogether. The proposition of the Senator from Maryland was—

Mr. TYDINGS. Why not sell them if they are nonintoxicating? Why not sell them? Answer the question, if the Senator can.

Mr. SHEPPARD. Why not sell them?

Mr. TYDINGS. Yes.

Mr. SHEPPARD. That is a matter of perfect indifference to me, so far as this phase of the debate is concerned. The Senator is getting away from his first position.

Mr. TYDINGS. Why does the law prohibit the sale of nonintoxicating fruit juices?

Mr. SHEPPARD. The law allows anyone to make nonintoxicating cider and fruit juices without a permit.

Mr. TYDINGS. And it says they can not sell nonintoxicating fruit juices.

Mr. SHEPPARD. Exactly.

Mr. TYDINGS. Why not?

Mr. SHEPPARD. That has no bearing on what the Senator stated in the beginning. He is trying to switch the whole proposition now.

Mr. TYDINGS. Why not sell nonintoxicating fruit juices? What harm can they do—pure golden nonintoxicating grape juice, apple juice, peach juice? Why not sell them?

Mr. SHEPPARD. That does not relate to the initial argument the Senator was making.

Mr. TYDINGS. I will tell the Senator why they can not be sold. It is because at the time such juice is put in a keg it is not intoxicating, but from the day it is put in the keg it becomes more and more intoxicating, and that joker was put in the law because, without a human touching it, old Dame Nature is perpetually manufacturing this product so that it becomes unlawful to sell these intoxicating liquors, which they are, after a few days have gone by.

Mr. SHEPPARD. It is not a joker at all. The only joke in the matter is the position of the Senator from Maryland.

Mr. TYDINGS. The Senator is so humorous that I am even going to laugh myself. When the Senator gets through explaining why it is a crime to sell nonintoxicating fruit juices, then I feel we will begin to get somewhere; but the Senator knows just as well as I do that the reason why this was put in the law is that at the time the manufacture of these products is completed they are not intoxicating and that old nature herself supplies the alcohol, and for that reason they wanted to let the farmer put his apple juice in a barrel without any alcohol being present, knowing that in 60 days he could get just as drunk on that cider as he could on the best whisky that was ever made.

Mr. SHEPPARD. And that I deny! [Laughter.]

Mr. TYDINGS. I digress here for a moment. The Senator from Texas has answered the question as he sees it and he may be right, because none of us have a patent on being right. I may be wrong. I do not think I am wrong in this case, but I want to know if there is any other Senator who can offer a plausible explanation as to why it is unlawful to sell nonintoxicating fruit juices. Is there one dry in this body or in the world who can show any sin, any immorality, any crime, any violation of the Constitution, any wrong to childhood, any corrupt political influence, any drunkenness that will flow from the sale of nonintoxicating fruit juices?

Mr. SHEPPARD. Will the Senator permit me to say that the Supreme Court of the United States has held that the sale of nonintoxicating malt liquors, nonalcoholic malt liquors, could be prohibited under a constitutional prohibition amendment because the sale of them would make it easier to mix illegal stuff with them. That is why sale of the cider and juices from the home is prohibited. A possible bootleg supply is shut off.

Mr. TYDINGS. The Senator is edging around to my viewpoint so fast that soon he is going to be ahead of it.

Mr. SHEPPARD. Oh, no. The Senator asked why the provision was put in the law against the sale of nonintoxicating liquor, and I am telling him why.

Mr. TYDINGS. What harm does it do? I am going down to the Senate lunch room in a little while—

Mr. SHEPPARD. It might facilitate the sale of the illegal stuff. The bootlegger mixes the legal with the illegal in order to escape detection. The Supreme Court of the United States has held that this very thing may be done, although there is no inherent crime in selling nonintoxicating liquor. It is an aid to enforcement.

Mr. TYDINGS. I am going down to the Senate restaurant in a few moments and I am going to order a bottle of grape juice, which is perfectly proper, which is nonintoxicating, but, as I read the law, if that grape juice had been made in my home and was not intoxicating, it would have been a crime for me to have sold it.

Mr. SHEPPARD. That is true, for the reason I have just stated, as an aid to enforcement.

Mr. TYDINGS. But it is not a crime for me to go down to the Senate restaurant and buy it from the management of the Senate restaurant and put it on my table there and

drink it. I do not get the logic there some place, but I may be just too muddleheaded to understand it.

Mr. SHEPPARD. Exactly! [Laughter.]

Mr. TYDINGS. I am going to quote further from the Wickersham Commission report.

Mr. HEFLIN. Mr. President—

The PRESIDING OFFICER (Mr. HOWELL in the chair). Does the Senator from Maryland yield to the Senator from Alabama?

Mr. TYDINGS. I yield.

Mr. HEFLIN. If the Senator will permit me, I will offer my explanation as to the difference. The law allows the individual to manufacture nonintoxicating fruit juices for home consumption; to be served in the family. There is no inducement in that situation to make it in vast quantities, but we all do know that by tampering with fruit juice it can be made into a very strong liquor.

Mr. TYDINGS. I did not know that. I thank the Senator for that contribution. [Laughter.]

Mr. HEFLIN. Yes. I can tell the Senator that from my knowledge of chemistry [laughter], that if he will take the 5 gallons of wine and put a certain amount of sugar in it and close up the keg and leave it, as the Senator has suggested a number of times, for dear old nature to take her course in due time he will have wine that has a kick in it.

Mr. TYDINGS. I thank the Senator for that contribution to the civilization of the world.

Mr. HEFLIN. But to give an incentive to making nonintoxicating fruit juices for home use, the Senator can understand that there would be no violation of the prohibition law; but if we allow them to be made for home use and sale, then the Senator knows there would be vast quantities of this stuff sold to the bootlegger, and the speak-easy operator would be the fellow that would buy it and convert it into whiskey.

Mr. TYDINGS. I thank my good friend from Alabama for what he has said, but he will understand nevertheless that the law permits the sale of nonintoxicating fruit juices if nonintoxicating when they are sold.

Mr. HEFLIN. Nonintoxicating, but they can be taken out and soon turned into intoxicating liquor.

Mr. TYDINGS. May I say to the Senator from my knowledge of chemistry that they do not have to tamper with it at all. All they have to do is to add water to the keg and let it rest, and old nature will do the real job, 100 per cent, and no human hand has to touch it.

Mr. ROBINSON of Arkansas. Mr. President—

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Arkansas?

Mr. TYDINGS. Certainly.

Mr. ROBINSON of Arkansas. I think that neither the Senator from Alabama [Mr. HEFLIN] nor the Senator from Maryland [Mr. TYDINGS] knows anything about chemistry. [Laughter.]

Mr. HEFLIN. I wonder how the Senator from Arkansas thinks we got any knowledge of this subject.

Mr. ROBINSON of Arkansas. I should hate to say, unless it is from experience. [Laughter.]

Mr. TYDINGS. I quote again from the Wickersham report:

The difficulties presented by home production differ from those arising in other phases of the general situation in that they involve the arousing of resentment through invasion of the home and interference with home life.

Necessity seems to compel the virtual abandonment of efforts for effective enforcement at this point, but it must be recognized that this is done at the price of nullification to that extent. Law here bows to actualities, and the purpose of the law needs must be accomplished by less direct means.

The extent to which "the law bows to the actualities" is set forth with great clarity in colloquy between our distinguished colleague in the House of Representatives, the Hon. GEORGE HOLDEN TINKHAM and Director of Prohibition Woodcock in the hearings on the Department of Justice

appropriation bill before the subcommittee, of which Mr. TINKHAM is a member.

Mr. TINKHAM. What is your interpretation of that part of section 29 of the Volstead Act reading: "The penalties provided in this act against the manufacture of liquor without a permit shall not apply to a person for the manufacture of nonintoxicating cider and fruit juices exclusively for use in his home."

Mr. WOODCOCK. The courts have interpreted that, and I, of course, accept the interpretation of the courts.

Mr. TINKHAM. Their interpretation is what?

Mr. WOODCOCK. Well, I tried the Hill case [case of former Congressman John Philip Hill of Baltimore, who goaded the department into prosecuting him for making 12 per cent wine in his home] and the court in the Hill case said that nonintoxicating meant nonintoxicating in fact. If a person made—in that case it was both wine and cider, or fruit juices and cider—for exclusive use in his home, why the burden was upon the Government to prove that they were intoxicating in fact. Then the same conclusion was reached by the circuit court of appeals in the Eisner case.

Mr. TINKHAM. How can the consumption of alcoholic liquor be regulated by your department with that provision in the Volstead Act, as interpreted by the courts?

Mr. WOODCOCK. How can it be regulated?

Mr. TINKHAM. How can the consumption of alcoholic liquor be regulated?

Mr. WOODCOCK. I will say that all we are trying to do is to stop the commerce in intoxicating liquor. I do not think that section has much bearing one way or the other.

Mr. TINKHAM. Well, that section permits the making of wine and home-brew for home consumption, does it not?

Mr. WOODCOCK. No, sir; not wine; nonintoxicating fruit juices is the language.

Mr. TINKHAM. Yes; nonintoxicating. Grape juice is nonintoxicating at first, is it not?

Mr. WOODCOCK. I would think so.

Mr. TINKHAM. It would permit the making of nonintoxicating grape juice in the home and home-brew which subsequently, of course, becomes intoxicating.

Mr. WOODCOCK. Not home-brew, Mr. TINKHAM. The saving exception is in favor of nonintoxicating fruit juice and cider.

Mr. TINKHAM. If you permit those to be made in the home, nonintoxicating fruit juices and cider, and if you can not get a search warrant without a sale being made, why is not the production of alcoholic liquor possible as a practical matter in every home in this country?

Mr. WOODCOCK. I think it is, of that particular limited class of alcoholic liquors.

Mr. TINKHAM. So that really, we might say, in a large way—not what we might call a fanciful way—every home under the law can become a winery, a brewery, or a distillery?

Mr. WOODCOCK. No; I do not admit anything like that, because the exception is not in the phrase containing breweries.

Mr. TINKHAM. But you can not raid a home where home-brew is made unless there is a sale; certainly every home to a practical degree can become a brewery.

Mr. WOODCOCK. That is the law that Congress has passed.

Mr. TINKHAM. That is true. I am not asking you to criticize it. I am asking you about the results of the law.

Mr. WOODCOCK. I think the prosecution of a person for making home-brew, with no commercial aspect, is not impossible, of course, but it is very difficult.

Mr. TINKHAM. Well, the fact is that with the right under the Volstead Act to make fruit juices and cider, plus the fact that a house can not be searched unless there is a sale, every home in this country may produce as much alcoholic liquor for home consumption as is desired, and I think there is no other result that can possibly be reached under the law.

This colloquy between Mr. TINKHAM and Prohibition Director Woodcock makes it very clear that the Prohibition Enforcement Department has accepted the manufacture of wine and cider in the home for home use as legal, but that the manufacture of home-brew in the home for home use is a violation of the national prohibition act.

It is true, as Mr. Woodcock found in his survey, that the homemade wine contains 12 per cent of alcohol and the home-brew but 3.4 per cent of alcohol. Yet the wine, under the law as interpreted by the courts, which interpretation is accepted by the Department of Justice, is nonintoxicating in fact, but the 3.4 per cent home-brew, under the national prohibition law, is intoxicating in fact and therefore unlawful.

The citizen who makes 12 per cent wine in his home is law-abiding. He may drink a gallon every day of the year and still be fully within the law. He may go to church on Sunday and contribute to the Anti-Saloon League to help sustain the law as now written, and he is everywhere accepted as a law-observing and a law-respecting citizen. But his neighbor, who may occupy the next pew, and who has

made home-brew of only 3.4 per cent of alcohol in the eyes of the law is a criminal; he is a "liquor outlaw." He is an outcast from society. He violates the law. By his example he is a menace to his community. The Government might, if it could find some way to invade his home, send him to prison for a long term, impose a heavy fine upon him, and actually deprive him of his citizenship. Mr. Woodcock says it would not be impossible to prosecute him. It might be difficult, but not impossible. In the eyes of the law, however, whether he can be prosecuted or not, he is a criminal, while his neighbor who has made a beverage under exactly the same conditions, and with three or four times as much alcoholic content, is an upright, noble, law-abiding citizen, with the full protection and power of the Government, including the great Prohibition Bureau of the Department of Justice, thrown around him.

Such, Mr. Woodcock tells the Congress, "is the law as Congress made it." Such is the law, as it has been applied, from the very beginning of prohibition. I find in my files an interpretation of the law issued in the form of instructions to prohibition agents under date of June 30, 1920, in the fifth month of the era of national prohibition. The ruling was signed by John F. Kramer, the first prohibition Commissioner of the United States, and approved by William M. Williams, Commissioner of Internal Revenue. I quote from this ruling:

MANUFACTURE OF NONINTOXICATING CIDER AND FRUIT JUICES EXCLUSIVELY FOR USE IN THE HOME

To Federal prohibition directors, supervising agents, and others concerned:

Section 29 of title 11 of the national prohibition act provides that the penalties imposed in the act against the manufacture of liquor without a permit shall not apply to a person for manufacturing nonintoxicating cider and fruit juices exclusively for home use, but such cider and fruit juices shall not be sold or delivered except to persons having permits to manufacture vinegar.

The bureau's interpretation of the foregoing provision is as follows: Any person may, without a permit and without giving bond, manufacture nonintoxicating cider and fruit juices, and in so doing he may take his apples or fruits to a custom mill and have them made into cider and fruit juices. After such nonintoxicating cider and fruit juices are made they must be used exclusively in the home, and when so used the phrase "nonintoxicating" means nonintoxicating in fact and not necessarily less than one-half of 1 per cent of alcohol—

"And not necessarily less than one-half of 1 per cent of alcohol"—

as provided in section 1, Title II, of the said act.

That is the end of the ruling. That ruling means simply this, that the liquids when they reach the home do not necessarily have to have less than one-half of 1 per cent alcohol; human manufacture is then over. When the extracted juices left the cider press there was no alcohol present, but it may be if the owner had a long drive resulting in a shaking up and assisting nature to do her part, they might have more than one-half of 1 per cent of alcohol when he got home, and he can possess them after that even though the percentage of alcohol grows until it is 20 or 30 or 40 or 50 per cent.

This ruling reveals that it has been the interpretation of the Federal Prohibition Bureau from the beginning that the citizen had the right to manufacture nonintoxicating in fact cider and fruit juices in his home. The term "fruit juices," of course, means wine and champagne, for fruit juices, by natural fermentation, quickly becomes wine. Nature sees to that by coating every grape and every apple with a supply of natural yeast to create fermentation. Then if the careful farmer should wash off the natural yeast from the apples and the grape, every cubic inch of atmosphere everywhere in the world, as the chemists tell us, is surcharged with yeast cells. Unless the fruit juices are hermetically sealed these yeast cells will enter and store fermentation.

As I have said, this provision of the law was written into the act by the great apostle of intolerance, Mr. Wheeler. When he fell he flung the flaming torch to an estimable lady to carry on. As the chief prohibition law enforcement officer of the United States she became the firebrand of the dry hosts of the 1928 presidential campaign. She mounted

the pulpit and exhorted the preachers to use their political power to maintain the status quo of intolerance and fanaticism. Instead of the flaming torch of Wheeler and Wheeler's intolerance we now find her the chief adviser of this great and widespread industry.

In what I say I do not mean any reflection upon the lady. She has a right to her opinion, but all I can say is that a great deal of intolerance and hatred flowed from the words she uttered on certain occasions. She bore, with dignity, the backfire that her campaign of intolerance engendered. With the coming of the new administration, notwithstanding the valiant and invaluable support she had given the party leader, she was laid on the shelf. Upon her retirement she seized not the torch of intolerance that had been flung to her by the palsied hand of the mighty Wheeler but the only fragment of legal tolerance that he had bequeathed to the Nation, whose Presidents and Congresses, according to his own boasts, he had ruled with an iron hand.

Instead of the flaming torch of Wheeler intolerance we next find her waving aloft a banner bearing Mr. Wheeler's famous provision of section 29 of the national prohibition law legalizing the manufacture of homemade wines and ciders. Shedding her ancient rôle of militant intolerance, she steps forth from an oasis in the American desert, bidding all to come and enjoy with her the "native values of rural life" which have been "rescued for human society." She bids the astonished Nation to come forward and enjoy with her the delightful, the fragrant, the conversation-enlivening "native values" of California fruit juices, perhaps a little more accurately described in the literature of her company, as—and, of course—they are nonintoxicating fruit juices.

"Full bodied, dark red, Spanish type port"—nonintoxicating.

"Sweet, golden, old style Virginia Dare." Drink a barrel of it and you do not mind it in the least.

"Light amber, fine aroma'd muscatel"—half a gallon of it is recommended for old men and new-born babies. [Laughter.]

"Sweet, light amber tokay"—if you feel sick and drink it it will have no stimulating effect at all upon your pulse.

"Excellent Rhine-type Riesling." Give it to children 6 years old, after it has been in the keg for 60 days, and watch the result; it will have no more effect upon them than if they had drunk so much water.

The very names of these "native values" are enough to excite the dustiest bone-dry Member of this Congress to outbursts of poetic ecstasy. Picture in your imagination—if the soul of your imagination is not dead after 11 dreary years of prohibition blight—150,000,000 gallons of these delightful vintages—Spanish-type port, I will say to my friend from Utah; old style Virginia Dare, not bad with terrapin, perpetuating the name of the first American-born girl; fine-aroma'd muscatel; light amber tokay, fabricated from the choicest table grapes; French type sauterne, Rhine type Riesling, red claret, and last but not least, rich dark red sparkling Burgundy—all magnificently mellowed by 12 to 20 per cent naturally generated legal alcohol, with the approval of the courts, with the approval of the Prohibition Bureau, with the apparent approval of the administration, with the approval of Wayne B. Wheeler, and with the approval of some growing millions of customers.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. TYDINGS. Yes; I yield.

Mr. SMOOT. It seems to me that with the indorsements of all those people named by the Senator he would hesitate a long time before indorsing that proposition, because their ideas and his are just as wide apart as the poles.

Mr. TYDINGS. If there are any so unenlightened as not to know what Government aid to the California grape industry means, I think they may be informed by a few passages I shall read from an attractively illustrated booklet entitled "Legally," issued a year or two ago by one of the constituent corporations of Fruit Industries (Ltd.). I quote:

It's funny—when you entertain, your appointments and service may be of the very best—and your foods the choicest the world's markets may supply—

But if the drinks you serve are less than perfect—the party is a failure. You gain absolutely no social prestige when you serve a bad cocktail.

But when you serve a sparkling champagne that an expert taster can not distinguish from a rare old vintage—

And your guests wonder where and how you got it and what it cost—that's different.

Then while the rest are playing bridge you take old Bill and Charlie out into the pantry and show them the secret.

Champagne! Clear, dry, sparkling, exhilarating. Champagne to gladden the heart, lend zest to a dinner. Champagne made from a cuvée of selected grapes—made by you, in your own home, legally!

"What!" you will say, "champagne in four weeks? Impossible!" And so we thought, too, when one of our experts announced his discovery. "We have champagne," he cried. "Finished champagne in less than four weeks." You can imagine our amazement. We have been vintners for generations. We have always felt that, next to skillful blending, aging was most important. We had been seeking only a method of arresting fermentation to make sale and transportation legal. Yet here by our cold-vacuum method we had stumbled upon a marvelous discovery. It was perfectly true. The new product had all the maturity and "bottle flavor" of old champagne. Expert tasters in great number have compared our new champagne with aged champagne made by old methods and have invariably pronounced the new product superior.

This is our theory of what happens: The microorganisms on the grapes which cause fermentation have certain enemies in the form of bacteria. In the ordinary process of fermentation of grape juice there is a war going on between these tiny creatures. If the bacteria win, the product becomes diseased and is useless. If the good ferments win, the product is good—but it usually takes the good ferments two or three years to win their war.

We only give them 60 days now. We speeded up civilization a little. I am still quoting from the very attractive pamphlet:

During our newly discovered process the grape juices are subjected to a high vacuum (without heat) to draw off the water.

"To draw off the water!" Let me think about that: "To draw off the water." I wonder what is left when the water is drawn off.

This vacuum in some mysterious way destroys the enemy bacteria and also the weaker ferments, leaving the healthy, vigorous "superferments" unhampered to function and make a clean, wholesome, finished product in this unbelievably short time. In our laboratory, where we can control temperatures, we have made finished champagne from fresh grape juice in seven days. But home tests have proved that four weeks give a wide margin for safety.

That is what the Federal Farm Board's funds are being used for—to disseminate this kind of information. They have made champagne in seven days with the money loaned out of the United States Treasury. In other words, we have the courts to punish them, and we lend them the money to make these alcoholic beverages. So it seems to me that the business of government has gotten down to this—that the best government is the government which has the most people in jail, because on the one hand we are lending them money to commit crime and on the other hand we are making it illegal if they do commit it, so that we may fill the jails. Therefore the logic seems inescapable that our country will be 100 per cent civilized when every man, woman, and child is behind prison bars.

Behold how great are the victories of science over the prohibition law! The old ports, the muscatels, the sauternes, and the sparkling Burgundies are full, rich wines and champagnes.

Mrs. Willebrandt, as chief prohibition officer, thought the champagne advertising was a little too bold, and she caused an indictment to issue against the company making it. But she was beaten in a trial at Buffalo. Having done her best as chief prohibition prosecuting officer of the United States to stop champagne and wine making under the law as written, upon her retirement from office Mrs. Willebrandt went over to her former enemy as their general counsel.

Is there any bone-dry Member of this Congress willing to throw a stone at the estimable lady for deserting the somber companionship of the Bishop Cannons, the Billy Sundays, the McPhersons, the Sebastian Kresges, the William H. Andersons, and other shining hosts of prohibition and seeking solace and contentment in these delightful native values of alcoholic rural life? As the chief prohibition enforcement officer of the United States—as the highest

woman official in public life—she obeyed the command of her party to set a thousand pulpits aflame with intolerance and to incite the greatest conflagration of fanatical political oratory in the history of our Republic. Without a whimper or a murmur she stood like a rock of ages against the lampoons, the cartoons, and the bitter indignation of the opposition. She was pilloried in editorials from one end of the country to the other, but as soon as the cause she had so nobly and fearlessly represented triumphed she was cruelly cast aside. Truly the woman pays, and pays, and pays—even in politics—and did what she could at that time to further the great cause of national prohibition. I am glad to find a more enlightened view in her mind at present, and one which I can find delightful, but not in the way of counsel fees to the extent that I understand are being paid to her.

I anticipate that a great many Members of this body will be very much interested in the answer to a question that I have copied from a piece of literature entitled "This Tells the Story," issued by the Fruit Industries (Ltd.), of San Francisco. I have quoted the official statement that Fruit Industries (Ltd.) is one of the group of the California Grape Control Board subsidized by the Federal Government, and that this particular corporation was loaned directly more than \$2,555,000 to enable it to serve you with eight different varieties of wine:

Q. How do I proceed to get one of these—for example, claret?—A. Simply order from your neighborhood druggist or other dealer who displays the Vine-Glo emblem a 5 or 10 gallon keg of Vine-Glo claret.

Q. What happens then?—A. The keg is delivered to your home by the local branch of Fruit Industries (Ltd.).

Q. Will I have the trouble of bottling it?—A. No.

Q. Do I need a cellar?—A. No. The keg takes little room. Any garage, pantry, or closet will do.

Q. Must I do anything to the keg?—A. No. Let it alone. Do not disturb it. At the end of 60 days Fruit Industries (Ltd.) will reclaim the keg and will transfer Vine-Glo to bottles for you without extra charge.

Q. Is all this legal?—A. Absolutely legal. Section 29, national prohibition act, specifically permits you to have Vine-Glo in your home, provided simply that you do not transport it or sell it.

In the language of Mr. Woodcock, "That is the law as Congress has made it."

In the language of the Wickersham Commission, whether legal or not, "law here bows to actualities."

The fact that the "law as Congress has made it," coupled with the further fact that "law bows to actualities," when it comes to rooting out the home manufacture of alcoholic beverages, whether legal or illegal, coupled with the third fact that the Federal Farm Board has lent huge sums of Government money to further the production of wines in the homes of the people, is proving the salvation of the great grape-growing industry of California. I quote from the booklet, *The Story of Fruit Industries (Ltd.)*:

From the extreme southern part of California, up through the beautiful San Joaquin Valley in the center of the thousand-mile Commonwealth, and on up to the top of the State in the north, where the majestic Mount Shasta rises 14,000 feet, extends the greatest vineyard in the world. In an airplane journey from Los Angeles to San Francisco one looks down upon a vast "checker-board" of vineyards as beautiful as anything created by the hands of man with the help of God.

From this vine-covered land go forth in three months of each year thousands upon thousands of carloads of grapes—big red grapes, small white grapes, the large golden grapes that seem literally filled with sunshine, and all the other varieties of grapes that grace, beautify, and enrich festive tables throughout the country.

Through an area a hundred miles wide and a thousand miles long, which, if superimposed on another portion of the United States would extend from Clinton, Iowa, as far as Washington, D. C.—the finest type of American farmers developed the world's greatest vineyards. The value of the land, through constant cultivation and hard work by intelligent men and women, assisted by their children, was brought to \$750 and even to \$1,500 an acre.

The extinction of the grape industry would disastrously affect 150,000 to 200,000 people—those who tend the vines, those who pick the grapes, the thousands engaged in making boxes and in manufacturing by-products, those employed in the raisin packing plants, in the freight terminals, in the refrigerator-car shops, and in the distant markets which receive from seventy to eighty thousand car loads.

The speaker might have added that the destruction of this industry would sidetrack for three months every year

the 80,000 freight cars used to transport these grapes from the California vineyards to the Eastern markets, and would throw out of employment a vast number of railroad workmen.

I find in the center pages of this pamphlet the halftone portrait of the happy family of a California grape grower. He is happy because Mr. Wheeler wrote a loophole into the prohibition act under which wines can be legally manufactured in the home. His wife and five children are happy for the same reason. I wish that I might reproduce this picture in the CONGRESSIONAL RECORD so that every Member of Congress could see the halftone reproduction of these happy, smiling faces. There is only one unhappy face in this picture. That is the dog. He must belong to an unintelligent breed of dogs, wholly incapable of grasping or understanding the description printed under this picture, which reads:

And more often grape ranches, supporting in comfort and by dint of honest toil on their part, families of American farmers such as constitute the real backbone of the Nation.

I wish that every American farm family might be as happy and prosperous as this family of California grape growers—this single unit which helps to constitute "the real backbone of the Nation."

I wish that the rice farmers of Arkansas and Louisiana who are now having to eat free soup boiled in abandoned whisky stills might be as happy and prosperous as this California grape-grower's family. Prohibition struck down the market for thousands of bushels of Arkansas and Louisiana rice, and that was a contributing factor in reducing the agricultural population of the South to a state of starvation.

I wish that the barley farmers of Iowa, Minnesota, North and South Dakota, Montana, and even California and the hop growers of Oregon and New York might be enjoying the happiness and prosperity of the California grape grower's family.

It is a tragic fact that the national prohibition law destroyed the market for approximately 100,000,000 bushels of American-grown barley and rice and for millions of pounds of American-grown hops used in the brewing of a mild beer, which contained only one-fourth to one-sixth as much alcohol as the homemade wines of to-day. The barley farmers, and to some extent the hop farmers, were compelled to grow other grains on their lands. Many of them seeded their lands to wheat, and the wheat that they grew contributed to build up the surplus that wrecked the values of the wheat markets of the country. We are told by agricultural economists like Senator CAPPER, of Kansas, that it is the 10 per cent surplus of the wheat crop that controls the price. If you will take the trouble to examine the prices of wheat in 1918 and 1919 you will find that they were from \$2.20 to \$2.40, and might have been very much higher if the United States Grain Corporation had not fixed a price level beyond which they could not go. It is true that these were war-time prices. But war-time prices of everything else continued. By 1921 the price of wheat had dropped below a dollar, and it has seldom risen above that level since. I state this as a fact without attempting to determine just what effect the surplus of wheat produced on lands formerly seeded to barley had on the general grain-price situation.

We are told that the repeal of section 29 of the national prohibition law that legalizes the manufacture of wine in the home would destroy the California grape industry which cultivates a strip of soil 100 miles wide and 1,000 miles long; that this strip of land, if superimposed upon the eastern map would extend from Washington to Clinton, Iowa. We are told that it would disastrously affect 150,000 to 200,000 people now engaged in the production and sale of grapes. It would destroy an investment of \$350,000,000 which has been created by years of hard, patient toil. We have seen that the Government itself is helping to strengthen and perpetuate the happiness of the people of this territory by lending them large sums of money?

But there is another class of farmers tilling the soil of California. Last year, when Congressman DYER, of Missouri, was making representations to the Wickersham Commission to recommend the legalization of a light beer, he

received a letter from F. A. Somers, chairman of the grain trade association of the San Francisco Chamber of Commerce.

Mr. Somers stated that there was a desperate situation among a certain class of California farmers, due entirely to prohibition. On a very large acreage of semiarid and nonirrigated land of California, he said, only one crop could be profitably grown, and that crop was barley. He estimated the average barley crop of California at 700,000 tons, or 33,000,000 bushels. Prohibition demoralized the barley markets and brought ruin to the barley farmers of California.

Mr. Somers estimated that 135,000,000 bushels, or 3,000,000 tons, of American barley were used in the brewing industry before prohibition to produce the mild 2.75 to 3.50 per cent beers and ales that were so popular with a great number of people. It is conceded by all Government authorities that 2.75 per cent beer is nonintoxicating, and it is very probable that 3.5 per cent beer would also pass as a non-intoxicating beverage. If 12 per cent wines, in the view of the courts of the country, which view is accepted by the Federal Prohibition Bureau, are nonintoxicating in fact, it is difficult to see how beer containing less than a quarter as much alcohol could possibly be intoxicating.

By fixing an arbitrary definition of one-half of 1 per cent of alcohol as intoxicating when applied to beer and other malt beverages the Government has laid ruin and despair upon the barley farmers of California. By enacting a clause in the national prohibition law permitting the home manufacture and use of 12 per cent wine it has brought happiness and prosperity to the California grape grower. It is helping to further this prosperity and happiness by subsidizing the entire grape industry and financing campaigns for advertising and selling grape concentrates that are readily convertible, through the processes of nature, into 20 per cent wines and champagnes.

It "rescues for human society the native values of the grape"—it banishes as criminal the similar native values of the grain.

It says to the farmers of one part of California we will help you by sustaining an anomalous provision of the national prohibition law, to enjoy prosperity and happiness.

It says to the farmers of another part of California that you may starve, so far as the Government is concerned, for we will not permit the use of your grains in the manufacture of a beverage in contravention of the statutory definition of an intoxicating beverage—which definition everybody knows is a lie.

On the one hand the Government spends millions, and wastes other millions that might be collected as revenues, to enforce a statutory lie upon the people with respect to malt beverages. On the other hand, it is liberal to an unusual degree in the matter of permitting the manufacture of alcoholic wines.

It is not my intention to discuss at length the economic phases of this proposition. But in this connection I consider it appropriate to present some pertinent facts contained in a petition to Congressman DYER by 13 slack-barrel manufacturers of Missouri, Tennessee, and Arkansas in connection with his proposal to liberalize the national prohibition law to permit the manufacture of light beer. These manufacturers stated that it required 1,500,000 slack or packing barrels—not tight cooperage for beverages—for the brewing industry of St. Louis alone. They said that in the city of St. Louis 150 men were employed every day in assembling the barrels; 100 men were employed in Arkansas and Texas making the barrel headings; and 75 men in Arkansas and Mississippi were employed in the production of hoops. The staves were manufactured in Arkansas, Tennessee, and Missouri, and it required the labor of 300 men to produce them. All together the slack-barrel industry to serve one city alone, before prohibition, gave employment to 635 men at an annual wage of \$1,350,000. These cooperage manufacturers estimated that the brewing industry of the United States required twenty-five times the amount of slack barrels used in St. Louis, and that prohibition threw out of permanent employment in this one minor industry

alone 15,525 workmen who received annual wages of \$33,-750,000. These manufacturers added that many of these men were highly skilled and had been out of permanent employment since the enactment of the national prohibition law.

I believe the president of the American Federation of Labor has stated that by the change of the definition of intoxicating liquor from one-half of 1 per cent of alcohol to 2.75 per cent of alcohol by weight would mean eventually the permanent employment of 1,500,000 workmen.

Such an act would restore the prosperity of the barley farmers, it would help the hops grower, and it would contribute to the financial benefit of the rice grower. And all that it would do would be to legalize a beer that contains less than one-quarter of the alcohol that by the policy of the Government is fully legal as nonintoxicating under the national prohibition law.

The discrimination in the law that benefits one class of agricultural producers and ruins another is not only unfair but dishonest. The Government that pours out money with one hand to enrich one class of people to enable them to produce grapes for wines and champagnes, while denying the same right to another agricultural class to produce grains for malt beverages, is in an indefensible position from every standpoint of justice and morality.

To say that 12 per cent wines and champagnes are legal, and are therefore worthy of Government subsidy, and that 2.75 per cent beer is criminal and not even worthy of Government toleration, to say nothing of financial aid, is an outrageous discrimination—dishonest from every point of view—and unworthy of the dignity of a nation founded upon the principle that all men are equal in the eyes of the law. It is rank class legislation, and no fair Senate composed of 96 fair and just men will permit it to continue.

For the Government to say to the man who makes a 12 per cent wine in his home that he is a law-abiding and law-abiding citizen, and to the man who makes a one-half of 1 per cent wine outside of his home that he is a criminal and must be fined and imprisoned and deprived of his citizenship is so ridiculous that the mere statement of the fact sounds preposterous and impossible. And yet it is true under the national prohibition law.

For the Government to say to the man who makes a malt beverage containing as much as one-half of 1 per cent of alcohol, either inside of his home or elsewhere, that he is a criminal and must be fined, imprisoned, and deprived of his citizenship, while it gives its money freely to make it safe and legal for the same man to produce a 12 to 20 per cent wine in his home and remain a law-abiding and law-abiding citizen is an absurdity that can not be found in the law of any other civilized nation. And yet that is the national prohibition law, as Congress has made and as the courts have interpreted it and as the Federal Prohibition Enforcement Bureau has accepted it and attempts to enforce it.

Does anybody marvel that the Government has been brought into contempt by such absurd legislation?

There are three horns to this dilemma.

The Congress may let the present law stand and continue what the Wickersham Commission describes as "the invitation of hypocrisy and evasion involved in the provision as to fruit juices."

It may repeal the anomalous provision of section 29 of the national prohibition law permitting the manufacture of wines and ciders in the homes and thereby make a legislative "Sherman's march to the sea" and lay waste to the hundred-mile wide, thousand-mile long, California vineyard and reduce to famine the 150,000 to 200,000 farmers and laborers now dependent upon the grape industry for their livelihood, their prosperity, and their happiness.

It may, by the removal of the legislative lie in the definition of intoxicating liquor, legalize nonintoxicating-in-fact malt beverages and lay the immediate foundation for the restoration of the happiness and prosperity of 1,500,000 other farmers and workmen who are, under all the rules of honesty and fairness, as much entitled to happiness and prosperity as the California grape growers.

For such a problem as this there is but one honest solution. Every Member of Congress, regardless of the power of the unseen hand that may control his vote in this House, knows what that solution is.

Mr. President, in conclusion let me say that I did not rise for the purpose of attacking the California grape industry, or the business in which they are now engaged. In my humble judgment they are acting within the law. They have every right to do what they are now doing. But the fact remains that the Congress of the United States permits the home manufacture of homemade wine containing from 10 to 20 per cent of alcohol, and it forbids the manufacture of homemade beer or any other liquid which one may care to make in the same act.

As long as this anomaly resides in our law I think it is the duty of the President of this country in his next message to Congress to point out the inequality, and inasmuch as the Wickersham Commission itself points it out in its report to the President I feel that in the interest of all concerned Congress should follow the President's recommendation, if it is made, and equalize the law so that all may have the same rights and penalties under it.

Mr. SCHALL obtained the floor.

Mr. SHEPPARD. Mr. President, will the Senator from Minnesota yield to me to make just a brief comment on what the Senator from Maryland has said about the Volstead Act, just about two sentences?

The VICE PRESIDENT. Does the Senator from Minnesota yield for that purpose?

Mr. SCHALL. I yield.

Mr. SHEPPARD. Mr. President, I wish to make a brief comment, perhaps two or three sentences, on the argument of the Senator from Maryland [Mr. TYDINGS].

Even a casual reading of section 29 of the Volstead Act—that is, that clause in the section exempting the makers of nonintoxicating cider and fruit juices in the homes from certain penalties—will clearly show that it does not exempt such makers from the penalties of section 1 of the Volstead Act; the penalties against the making of liquor anywhere containing more than one-half of 1 per cent of alcohol.

The only privilege accorded by the clause referred to in section 29 of the Volstead Act to makers of cider and fruit juices in the home is that they may do so without a permit, provided the products are nonintoxicating. Therefore the entire argument of the Senator from Maryland, in my view, is built upon a fiction.

Mr. TYDINGS. Mr. President, may I say in reply to the statement of the Senator from Texas with reference to my position in this matter that as long as it is sustained by the Federal courts of the country, by the Director of Prohibition, and the business itself is carried on and financed by the Federal Government, the arguments on the side of the case taken by me are so overwhelming that I am perfectly willing to have them stand against the negative stand of the Senator from Texas.

Mr. SHEPPARD. I think the Senator has not stated the situation accurately in intimating that I stand alone.

ERNEST A. MICHEL

Mr. SCHALL. Mr. President, I do not wish to take the time of the Senate to state orally some thoughts or recollections concerning the appointment of a Federal judge in my State, which may not be of immediate interest to the Senate, but is, I believe, to the people of my State, and I am therefore asking unanimous consent to print them. I also ask unanimous consent to put into the Record a letter received from Rev. Frank E. Day, of Minneapolis, going into the same matter.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, I did not hear the request of the Senator. Is it a letter he wants printed?

Mr. SCHALL. A letter and a statement.

Mr. McNARY. Is it a statement by the Senator himself?

Mr. SCHALL. Yes.

Mr. McNARY. It is rather against the practice for a Senator to offer a statement for the Record. It is not a ques-

tion of what I should like to have, but extension of remarks has never been permitted under the rules.

Mr. SCHALL. It is not an extension of remarks. It is comments I have to make about the dictatorship of Attorney General Mitchell, who assumes the functions of the Senate of the United States.

Mr. McNARY. The rules are very plain. In a case of that kind the Senator would have to read or deliver his remarks. Of course, I would have to make objection, without any idea of displeasing the Senator at all, but conforming to the rules.

Mr. SCHALL. I can not see where the rules would be infringed upon, but if the Senator prefers, I shall make them orally. I thought to save the time of the Senate.

The VICE PRESIDENT. The Senator from Minnesota is recognized.

Mr. SCHALL. Shall I proceed?

Mr. McNARY. Yes.

Mr. SCHALL. Mr. President, the Senator from Oregon [Mr. McNARY] suggests that it will take less time to have the statement read. I therefore ask the clerk to use his eyes for me and read it.

The VICE PRESIDENT. Is there objection to the reading of the statement?

Mr. McNARY. I suggested to the Senator that that plan be pursued rather than submitting the matter for the RECORD without reading.

Mr. SCHALL. That is all right. The reading will suffice.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read.

The legislative clerk read as follows:

MITCHELL VERSUS THE CONSTITUTION

Apocryph of my statement of February 3, 1931, page 3858 of the RECORD, I desire to add the following:

The founders of our Nation had a very definite plan for filling Federal offices. In the Constitution which they framed they provided that the President "shall nominate and, by and with the advice and consent of the Senate, shall appoint officers of the United States," etc. (Art II, sec. 2.) The language is clear. There can be no appointment without the Senate's "advice and consent," and the first is just as essential as the last.

The present Attorney General, who should be the first to observe the Constitution, has undertaken to defy it. In his letter purporting to explain Judge Parker's nomination for the Supreme Court the Attorney General said: "I undertook an inquiry into the qualifications of a number of judges. . . . This information was laid before the President with the recommendation that Judge Parker be nominated." (Washington Post, May 6, 1930.) The whole purpose of the letter was to show that the Parker nomination originated entirely with Mitchell. Well, it is to be hoped that he is still proud of it, for no one else appears to be. It is well recognized now that the nomination, by alienating the labor and colored vote, caused the loss of several States from the Republican Party in the recent election. Of course, that does not disturb Mr. Mitchell. As a Democrat he doubtless laughs to himself at the way he has been able to sabotage the Republicans from the inside.

But the significant fact about the letter is the showing that the constitutional method of selecting judges has been cast aside. The Senate's "advice" is no longer sought, for it must be given in advance, if at all; individual Senators are ignored, and the President himself is to sign on the dotted line for the Attorney General.

In view of the results in the Parker case, the situation is grave enough from the political standpoint. But far more serious are the consequences to the administration of justice, for the Attorney General in person or by his representatives appears before the Federal judges in every Government case. What embarrassment must follow if the judge happens to be one whom the Attorney General selected. Suppose, for example, Judge Parker had been confirmed and Mr. Mitchell had continued, as he insists on doing despite the choice of a solicitor general, to appear frequently before the Supreme Court. Would not Mitchell's very presence there be a reminder as if he were to say, "Remember, I made you"? Grover Cleveland declined to appear before judges whom he had appointed, but Mr. Mitchell would have no such qualms.

Again, most of the Federal judges below the Supreme Court are looking toward advancement. If he alone is to pass on that, as now seems to be the case, what would be the attitude of these aspiring judges before Mitchell? We need not seek an imaginary case for the answer. There is a real one. In Mr. Mitchell's now famous and successful attempt to keep from the Government and for the estate of his late client, Mrs. James J. Hill, the sum of over a million dollars, evidence of his mystical influence over judges appears on almost every page of the opinion. (25 Fed. Repts. (2d) 1952-1958.) True, Mitchell did not appear as an attorney in the administrator's action to recover the inheritance tax which the Government had collected; but he did appear ostensibly as a

witness, and the testimony he gave was really an argument for the administrator which failed to convince the trial judge (Molyneux); but on appeal the circuit judge (Lewis), who wrote the opinion, relied almost entirely upon Mitchell's so-called testimony. His name appears on almost every page of the opinion with an awestruck reference to Mr. William D. Mitchell, then an attorney at St. Paul, now Solicitor General (p. 954). After an alleged statement of facts the opinion continues: "Perhaps no one was better informed as to Mrs. Hill's intentions and purposes in making these gifts . . . than Mr. Mitchell." (He ought to be, for he showed her how to make them so as to defeat the Government.) We therefore quote the substance of all of his testimony (p. 955). And this "substance" alone covered two full printed pages in the opinion, constituted nearly a third of it, and afforded the basis upon which the court of appeals reversed Judge Molyneux and deprived the Government of over a million dollars' revenue. This was certainly a very clever piece of work on Mitchell's part, but does anyone seriously believe that he could have accomplished it had he not assumed, by virtue of his position, to select and promote Federal judges? An ordinary sense of decency would have precluded Mitchell from appearing in any capacity before judges who had been made to feel that their future promotion depended on him. If he wanted to continue to serve the estate of his late client, he should have done so openly and resigned as Solicitor General. Not having done so, his record reveals the following discreditable sequence of events:

1. He shows Mrs. James J. Hill how to evade the inheritance tax and defraud the Government out of over a million dollars.

2. He goes to St. Paul, while Solicitor General, and makes an argument in the guise of a witness for the administrator and against the Government.

3. His argument, which had been rejected by the trial judge, is accepted by the court of appeals and made an excuse for a reversal.

4. Mitchell, as Solicitor General, sees to it that the reversal remains undisturbed and that the case is never brought before the Supreme Court.

Could anything more aptly demonstrate the enormity of allowing Mitchell to select Federal judges?

The power interests are now attempting to place on the Philippine Supreme Court a Standard Oil lawyer of San Francisco (formerly of Minnesota and late of Manila, where he was for a score of years the paid representative of the public-service corporations). Doubtless they will find Mr. Mitchell ready to help them. Having himself graduated from that school of professional service it would be unnatural for him to do anything else. Doubtless, also, he will assist the Secretary of War in his pet scheme to place a retired and a retiring major general on the same court—or at least one of them and the other on that of Panama—where they can draw their annual retired pay of six or seven thousand dollars and a judiciary salary of \$10,000 besides. As neither of them ever really practiced law, neither could have any personal-injury cases and therefore must be "ethical." All this is in line with Mr. Mitchell's course of conduct in the Hill case. Attorney General Harry M. Daugherty's administration of the Department of Justice was investigated for similar reasons.

THE INCONSISTENCIES OF MR. MITCHELL

Our ethical Attorney General was anxious to have it known when the Parker nomination was submitted that he had assumed the power to select Federal judges. If such is the case, he should at least exercise it consistently. In his letter of January 28, nominally addressed to me but really for the newspapers, he asserted as his reasons for opposing Ernest Michel that he has "fair ability" and that he belongs to a firm which has specialized in personal-injury cases. The first objection comes with poor grace from one who approved (or gave the impression that he did) the nomination of Albert L. Watson to be United States district judge for Pennsylvania. There was undisputed testimony before the Judiciary Committee that Mr. Watson's ability was very moderate, to say the least, that as a common-pleas judge he had been reversed in 7 or 8 out of 10 cases. Yet did Mr. Mitchell oppose him? Not at all. He merely side-stepped, and his evasive, shifty, and underhand course led a majority of the committee to approve the nomination and a majority of the Senate, including myself, to vote for it. This phase of Mr. Mitchell's activity has been well written up in some of our leading law journals, including the Illinois Law Review and the Missouri Bar Journal. Prof. Kenneth C. Sears, of the University of Chicago Law School, has made the Watson case a subject of special study, and in an article in the Illinois Review for May last (vol. 25, p. 54) he says:

"The position of Attorney General Mitchell as to the Watson appointment for a time was mysteriously veiled from public view. It was revealed in part only by a curious combination of circumstances. There was testimony by Mr. Martin, a Pennsylvania lawyer, that he was told that the Department of Justice had sent a man to the middle district to investigate Mr. Watson and others. It was suggested that the report of the investigator should be presented to the subcommittee. So far as appears this was never done." Perhaps it was never done for the same reason which causes Mitchell to suppress now the names of those whom he claims are opposed to Michel. It might show up Mitchell in a bad light. The article of Professor Sears continues:

"Senator BORAH was the chairman of the subcommittee which investigated the Watson appointment. He read into the CONGRESSIONAL RECORD a letter he wrote to the Attorney General, asking him to advise the committee concerning Judge Watson. The Attorney General had an assistant in his office talk to Senator BORAH's secretary over the telephone and say that the Attorney

General desired to make his statement personally before the committee and that he did not wish to make any written statement. Senator BORAH then determined that any statement that was made would have to be uttered before the full Judiciary Committee.

"The Attorney General did appear before the full committee, but requested that his statement be not taken down in written form."

What good reason could there have been for not wanting his testimony taken down? Was he afraid his inconsistency might be disclosed? Even when he made his statement it was so evasive and equivocal that no two of the committee members placed the same construction upon it. As Professor Sears notes:

"Senator NORRIS had one idea as to what the Attorney General had said as to Mr. Watson's ability. Senators BORAH and STEWART had other ideas. Finally, Senator BORAH stated, 'So far as I am concerned, Mr. President, the Attorney General must make himself plain before this man is confirmed. If the Attorney General gives the impression and we go to confirmation of this man with the understanding that he thinks the man is not qualified, I want to know it.'"

Then when he found he had to make a statement in writing, Mitchell, instead of giving his own opinion, quoted Senator BORAH's recollection of what he had said, viz, that Watson "was not all that he could wish with respect to professional ability, but that he was the best solution that he could find for the problem." And Professor Sears adds: "To this very day, so far as the writer has been able to discover, the Attorney General has not made clear to the American bar just why Judge Watson was the best solution for his problem."

Any intelligent reader of the record must infer that Mr. Mitchell did not really consider Mr. Watson qualified but was afraid to say so. Why will be explained hereafter. But it is important to remember that Mitchell has never denied that Michel was qualified. On the contrary, Mitchell expressly, though grudgingly, admits that Michel has "fair ability," which means that Mitchell could find nothing specific against him.

And the question as to the character of the two men's practice. It appears that Mr. Watson had very little practice and had argued but one case in his own supreme court. In fact, what practice he had seems to have consisted mostly in divorce cases. Mr. Mitchell then would not oppose a divorce lawyer of moderate, if not inferior ability, but he has unalterably opposed a personal-injury lawyer of fair ability because that type is a thorn in the side of the corporations whom Mr. Mitchell has long served and still favors, and the deciding factor in leading him to approve Mr. Watson was that his chief sponsor was W. W. Atterbury of the Pennsylvania Railroad Co., which has more than 2,800 miles of track, many shops and more than 15,000 employees in Judge Watson's district. Anyone but a personal-injury lawyer would be better for the company in that district.

As to Mr. Michel's experience. He has argued and briefed many cases before the supreme court, the circuit court of appeals, and the Federal district courts. He has either argued cases orally or prepared briefs in causes submitted to the Supreme Courts of the States of Minnesota, Michigan, Wisconsin, Indiana, Iowa, Nebraska, South Dakota, Montana, and Illinois. No court anywhere in 20 years' practice has ever criticized Michel's conduct, his demeanor, or his method of trying cases. Yet Mr. Mitchell turns down Michel and O. K.'s Mr. Watson.

The Watson case shows up Mr. Mitchell in another inconsistency. His unwillingness to testify before the Judiciary Committee has been mentioned in the discussion on the floor. The RECORD shows:

"MR. LA FOLLETTE. Mr. President, did the Attorney General give any reason as to why he did not want his testimony made a part of this record when he finally appeared before the committee?"

"MR. BORAH. The Attorney General seemed to object to being called as a witness."

Then said Senator LA FOLLETTE: "I do not quite understand why he should hesitate to have whatever he had to say concerning this nomination taken down."

And Professor Sears adds: "No satisfactory answer was ever given to Senator LA FOLLETTE so far as the CONGRESSIONAL RECORD is concerned."

Finally Senator BORAH declared: "That hereafter when cabinet officers come before a committee of the Senate, whatever the committee may be, they ought to take exactly the same position as other people who come before us, and have their testimony taken down. They should be sworn and cross-examined. It is very unfortunate, in view of the situation, that a little sensitiveness about the matter led the Attorney General to think that he should make a statement without being sworn."

Now, if the Senate had only known it, Mr. Mitchell had shown himself more than willing to testify and have it taken down where the interests of his private client, Mrs. Hill, wife of the late James J. Hill, the railroad magnate (though in conflict with those of the Government he had sworn to serve), were promoted thereby. It was not necessary, and was, in fact, grossly improper, for the Solicitor General to leave his duties in Washington and go to St. Paul to appear in a case against the Government and deprive it of over a million dollars in revenue. He could not have been compelled to go. The laws of Minnesota do not permit one to be subpoenaed from beyond its limits, but Mitchell was so anxious to appear that he waived the immunity and, nominally as a witness though really as an advocate, he furnished the pretext upon which the Court of Appeals reversed the previous judgment in the Government's favor. No sensitiveness or hesitancy about this case

and no objection to having it taken down. On the contrary, his testimony was really an elaborate argument, as full as he could make it, and the mere "substance" of it covered two closely printed pages.

Mr. SCHALL. Mr. President, I have here a letter written by Rev. Frank Edward Day, which I ask to have read.

The VICE PRESIDENT. Without objection, the Secretary will read, as requested.

The legislative clerk read as follows:

MINNEAPOLIS, MINN., February 4, 1931.

DEAR SENATOR SCHALL: I wired Dr. F. Scott McBride yesterday, David McBride, his brother and superintendent of the Minnesota Anti-Saloon League, signing the wire with me, asking him to get an audience with the President on a matter on which both his brother and I were in hearty accord. He replies as follows:

"Should know definitely subject matter for which Doctor Day seeks conference. Busy Congress would make impossible to get definite date hour should come Washington, then can present matter President's secretary. Must leave for Columbus Monday night, board meetings. Columbus 10th; Chicago 12th, 13th. Home week 15th.

"F. SCOTT MCBRIDE."

I have posted an air mail letter to Doctor McBride and in it I have protested the bitterly unfair methods of Mr. Mitchell, the unconscionably misleading information which has been poured upon the President, and my sad disappointment at the President's attitude in the whole matter. His Attorney General has misled him all along. He led him to believe that after the primary they would not need to deal with you. He found differently. He was impressed, I think, that after the election Mr. Holdale would sit in your place prospectively. He has been made to believe that Mr. Michel's backing was unworthy of credit, though it includes the entire State delegation, irrespective of party, the two Senators, and State officers, including the honorable chief justice of the Minnesota Supreme Court.

I told McBride that the two ballots by bar associations were the most deceitfully conducted matters I had ever seen in such proceedings. Really, Senator, I can not help but feel that Mr. Hoover is misled. I want to regard him as fair and just. I can not, except on the grounds of his ignorance of the facts at the bottom. I am only distantly related to him, but I am as closely related to that first old worthy, Andrew Hoover, as he is, and of course I love the family name. (That is an attempt to be funny.) However, I feel anything but light over this matter. I think it is a vital matter. The Constitution loads upon the Senate the responsibility for "advice and consent," and Mr. Hoover's course has seemed to extend the "advice and consent" prerogative to the Attorney General, not mentioned in the Constitution, and who in this case is actuated by a personal animosity against some one with whom Mr. Michel is associated in practice. That is too small a consideration to have place in the President's agenda of thinking. I feel very distressed. I am, first of all, a friend and pastor of Ernest Michel. I am, secondly, a Republican of almost unreasonable devotion. Finally, I love justice, and if ever it was raped in the house of its supposed friends, it has been in this case.

Doctor McBride suggests that I come to Washington and deal in this matter through the President's secretary. I wrote McBride that I had written often and earnestly, and the only reply I have gotten is that my communications have been referred to the Attorney General. If he has handled my appeals as he has others and as he has permitted the campaign against Mr. Michel to be handled here, I do not suppose the President has any idea that a man of my type is for Ernest Michel.

This last ballot of the bar association, taken so unfairly, by forcing Mr. Michel to face the field, is an awful commentary on the fairness of Mr. Mitchell. Anyone knows that Mr. Michel was face to face with the supporters of a dozen other candidates, who, in the interest of giving their candidate a chance for further consideration, would, of course, vote against his present appointment. And then, in the midst of such an unfair ballot, for the Attorney General of the United States to lower himself to vomit his bitter appeal of prejudice upon the name of Mr. Michel, to prejudice and create suspicion—well, I have been in political contention in the State and in my church, but I have never resorted to that sort of strategy, and I have not had to face much of it—never anything equal to the bitterness manifested by Mr. Mitchell.

I still believe in Hoover—I simply can not believe that he sees this matter in all its ramifications and relationships. He has been purposely deceived by a man whose duty as a Cabinet officer it would seem to me is to give him the actual situation, no matter what his own prejudices are.

So far as I am concerned, since the Attorney General has made this appointment the football of his particular brand of political procedure, I am not concerned about an immediate appointment; and while I have often disagreed with the Senate, it seems to me it is up to that honorable body to defend its prerogative under the Constitution in the matter of "advice and consent" against the attack of the Attorney General in his attempt to assume that prerogative himself.

I admire your unflinching devotion, and I insist the responsibility for seeming political animus in this delay is with the Attorney General.

With my best wishes and compliments, I beg to remain,
FRANK EDWARD DAY.

Mr. SCHALL. Mr. President, I do not wish to occupy much time and will limit myself to saying that Mr. Michel is indorsed by both Senators from Minnesota, by the entire membership of Minnesota in the House of Representatives, among them FRANK CLAGUE, before whom, when he was judge, Mr. Michel tried many cases, by the State officials of Minnesota, regardless of party affiliations, over 600 lawyers, a score of judges, headed by the chief justice of the supreme court of my State.

Does the President want to take the word of Mitchell, even if he does come from Minnesota, in preference to these judges and lawyers who know Michel? Does the President want to take the word of Mitchell against the entire Minnesota delegation who also come from Minnesota? Of course, there are protests against Mr. Michel. There are always protests in any important appointment and nobody knows this better than Mr. Mitchell. I was the recipient of many protests against Mr. Mitchell when he was nominated Solicitor General and Attorney General. I should have, I can see now, done some vigorous protesting myself at the time he was suggested for Solicitor General, but President Coolidge had been told of the wonderful work he and his friends had done in making Republicans out of Democrats in Minnesota that I relented, and he, through a political deal, became Solicitor General. And now his virtue just bursts its bounds in yelling about political reference to this judgeship, though he and his friends opposed me and he was constantly quoted in the newspapers as saying that if I were elected the State would be chagrined with having as judge, Ernest A. Michel. Well, I was elected and I want Mr. Mitchell to do an unusual thing and keep his promise to the people of my State that Ernest A. Michel would be judge if I were elected.

To-day the representatives of the people—State and National—of my State have indorsed Mr. Michel, but an appointive official who hails from my State objects and the entire representation of the people are to be informed that this man, who sold his political party, his political birthright, for a Republican office is to be the dictator, and when he turns thumbs down the heads come off. When Mr. Mitchell was proposed for Attorney General President Hoover called me over to the White House and asked me not to object to the confirmation of Mr. Mitchell for Attorney General. I told the President at that time that I did not have much faith in this "dyed-in-the-wool, public-utility-corporation" man, and that over and above that he was unfriendly to me; but that if he wanted him, of course I would not object. The President laughed and said he would make him friendly. The President has not kept his word. Perhaps he found it a harder job than he anticipated, but I have thought that the President could have kept his Attorney General and his friends and connections in Minnesota from opposing me in the recent election. I think the Attorney General should give out these protests against Mr. Michel which he claims in his newspaper campaign are so numerous. These protests would show more clearly than the indorsements the influence that is at work to destroy Mr. Michel.

It is true, as Mr. Mitchell says, the firm of which Mr. Michel is a member has been open in its fight against corporation influence and has openly fought insurance companies and railroads. A well organized and financed campaign has been made against Michel by the interests in Minnesota. They want the appointment to the Federal bench made quietly, secretly, suavely, and they want men appointed to this position who will bow and scrape and protect their interests, and they have, it seems, in the Attorney General's office a man with whom their suggestions are well taken. The last citadel of the people's rights in these presidential appointments is the Senate of the United States.

The Constitution says that the President shall appoint "with the advice and consent of the Senate." The "advice" of an Attorney General is not the "advice" of the Senate. The "advice" of the public utilities who are fighting Mr. Michel is not the "advice" of the Senate. The Attorney General thinks that the Senate prerogative only is to consent or not to the nomination. He has entirely left out of his

calculations that word "advice." How can you advise unless it be before the nomination is sent to the Senate? I hope the President will not be misled in his understanding of the Constitution by this "dyed-in-the-wool, political, utility corporation" lawyer, and I hope that he will feel that he was elected by the people and that he took an oath, as did the Attorney General, to defend our Constitution, and I hope that regardless of what the Attorney General does the President of the United States will see to it that the Constitution is kept and that the "advice" of the Senate is had before he makes nominations. The "advice" of the entire Minnesota delegation, both State and National—backed by over 600 lawyers and over a score of judges, and beyond that the indorsement of the people by my election—to the President is that Ernest A. Michel should be nominated for judge. Since the "advice" of the part of the Senate that represents Minnesota is unanimous, it certainly should not be allowed to go without consideration if the Constitution means anything to the President. If this country is a representative government, as I have always hoped it was, then no dictatorship should be allowed to work its will, and it is the duty of this Senate in the interest of the people they represent to stand up and denounce usurpation of its prerogatives by the Attorney General, whose assumption of power has gone to his public-utility head, for he thinks he "doth bestride this narrow world like a great Colossus," and we, poor petty Senators, mere representatives of the people, "must creep beneath his huge legs and peep round to find ourselves dishonorable graves."

If the President can not get along without the advice of such an Attorney General, then I think he should change his Attorney General, and I believe an investigation of the whole matter before the Judiciary Committee would, beyond all doubt, reveal that a change would be advisable to the health and prosperity of the Republican administration.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate petitions of sundry citizens of Henning, Tenn., praying for the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

Mr. CAPPER presented petitions numerously signed by sundry citizens of Ellsworth and Rice Counties, Kans., praying for the enactment of legislation providing for the imposition of a duty on crude petroleum, which were referred to the Committee on Finance.

He also presented petitions of sundry citizens of Emporia, Wichita, Quinter, Tonganoxie, Altamont, and Labette, all in the State of Kansas, praying for the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

Mr. MOSES (for Mr. KEYES) presented petitions of sundry citizens of Alstead, Goffstown, and Manchester, all in the State of New Hampshire, praying for the passage of legislation for the exemption of dogs from vivisection in the District of Columbia, which were referred to the Committee on the District of Columbia.

Mr. TYDINGS presented a petition of sundry World War veterans and ex-service men and women now employed in the Census Bureau, praying for their retention on the permanent force of that bureau and if not retained that they be placed on the permanent civil-service list to be absorbed by other Government departments, which was referred to the Committee on Civil Service.

REPORTS OF COMMITTEES

Mr. FESS, from the Committee on the Library, to which was referred the joint resolution (S. J. Res. 246) authorizing the placing in the Capitol of a statue in honor of the American mother and other patriotic women of the United States, reported it without amendment and submitted a report (No. 1486) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the bill (H. R. 12871) providing for the sale of isolated tracts in the former Crow Indian Reservation, Mont., reported it without amendment and submitted a report (No. 1487) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally with an amendment, and submitted reports thereon:

S. 5184. An act to provide funds for cooperation with the school board at Poplar, Mont., in the extension of the high-school building to be available to Indian children of the Fort Peck Indian Reservation (Rept. No. 1488);

S. 5535. An act to provide funds for cooperation with the school board at Frazer, Mont., in the construction of a high-school building to be available to Indian children of the Fort Peck Indian Reservation (Rept. No. 1489); and

H. R. 10425. An act to amend the act of June 6, 1912 (37 Stat. L., 125; U. S. C., title 25, sec. 425), entitled "An act authorizing the Secretary of the Interior to classify and appraise unallotted Indian lands" (Rept. No. 1490).

Mr. NORBECK, from the Committee on Pensions, to which was referred the bill (H. R. 6997) to confer to certain persons who served in the Quartermaster Corps or under the jurisdiction of the Quartermaster General during the war with Spain, the Philippine insurrection, or the China relief expedition the benefits of hospitalization and the privileges of the soldiers' homes, reported it without amendment and submitted a report (No. 1491) thereon.

Mr. HALE, from the Committee on Naval Affairs, to which was referred the bill (H. R. 6810) authorizing the Secretary of the Navy to accept, without cost to the Government of the United States, a lighter-than-air base, near Sunnyvale, in the county of Santa Clara, State of California, and construct necessary improvements thereon, reported it without amendment and submitted a report (No. 1492) thereon.

Mr. TRAMMELL, from the Committee on Naval Affairs, to which was referred the bill (H. R. 13522) authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the State of Florida the silver service set donated to the U. S. S. *Florida* by the people of Florida, reported it with amendments and submitted a report (No. 1494) thereon.

Mr. STEIWER, from the Committee on the Judiciary, to which was referred the bill (H. R. 12350) to provide for the appointment of an additional district judge for the eastern district of Michigan, reported it without amendment and submitted a report (No. 1493) thereon.

Mr. FRAZIER, from the Committee on Pensions, to which was referred the bill (S. 5863) granting a pension to Mary R. Dickman, reported it with amendments and submitted a report (No. 1495) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred, as follows:

By Mr. THOMAS of Oklahoma:

A bill (S. 6066) for the relief of Walter S. Rodgers; to the Committee on Finance.

By Mr. COUZENS:

A bill (S. 6067) granting a pension to Maud Patterson (with accompanying papers); to the Committee on Pensions.

By Mr. GEORGE:

A bill (S. 6068) authorizing the President to reappoint Lieut. Col. Harry Walter Stephenson, United States Army (retired), to the position and rank of major, Coast Artillery Corps, in the United States Army; to the Committee on Military Affairs.

By Mr. SHORTRIDGE:

A bill (S. 6069) for the relief of John Shannon; and

A bill (S. 6070) for the relief of Genevieve W. Magagnos, to the Committee on Military Affairs.

By Mr. JOHNSON:

A bill (S. 6071) granting a pension to John M. Lovelace; to the Committee on Pensions.

By Mr. BLACK:

A bill (S. 6072) for the relief of C. H. Price; and

A bill (S. 6073) for the relief of Fitzhugh Robinson; to the Committee on Claims.

By Mr. BULKLEY:

A bill (S. 6074) granting an increase of pension to Roscoe W. Barker (with accompanying papers); to the Committee on Pensions.

By Mr. GLASS:

A bill (S. 6075) for the relief of John F. Buckner; to the Committee on Claims.

A bill (S. 6076) authorizing the return of the commission of John Baptiste Ashe as a major in the Continental Army to Mary Rogers Anderson; to the Committee on Appropriations.

By Mr. COPELAND:

A bill (S. 6077) providing for the closing of barber shops on Sunday in the District of Columbia; to the Committee on the District of Columbia.

By Mr. REED:

A bill (S. 6078) to provide for the commemoration of the Battle of Fort Necessity, Pa.; to the Committee on Military Affairs.

By Mr. NORBECK:

A bill (S. 6079) granting a pension to David F. Gritton (with accompanying papers); to the Committee on Pensions.

By Mr. BARKLEY:

A bill (S. 6080) authorizing persons, firms, corporations, associations, or societies to file bills of interpleader; to the Committee on the Judiciary.

By Mr. COUZENS:

A joint resolution (S. J. Res. 248) authorizing the issuance of a special postage stamp in honor of Brig. Gen. Thaddeus Kosciuszko; to the Committee on Post Offices and Post Roads.

HOUSE BILLS PLACED ON THE CALENDAR

The bill (H. R. 13584) to amend an act approved May 14, 1926 (44 Stat. 555), entitled "An act authorizing the Chipewa Indians of Minnesota to submit claims to the Court of Claims," was read twice by its title and ordered to be placed on the calendar.

On motion of Mr. WHEELER, the Committee on Indian Affairs was discharged from the further consideration of the following bills, and they were ordered to be placed on the calendar:

H. R. 13293. An act to provide funds for cooperation with the school board at Frazer, Mont., in the construction of a high-school building to be available to Indian children of the Fort Peck Indian Reservation; and

H. R. 15601. An act to provide funds for cooperation with the school board at Poplar, Mont., in the extension of the high-school building to be available to Indian children of the Fort Peck Indian Reservation.

EXECUTIVE MESSAGES AND APPROVAL

Messages in writing from the President of the United States were communicated to the Senate, by Mr. Latta, one of his secretaries, who also announced that on February 5, 1931, the President approved and signed the act (S. 4537) to relinquish all right, title, and interest of the United States in certain lands in the State of Louisiana.

ANNUAL REPORT OF ALIEN PROPERTY CUSTODIAN

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on the Judiciary:

To the Congress of the United States:

In accordance with the requirements of section 6 of the trading with the enemy act, I transmit herewith for the information of the Congress, the annual report of the Alien Property Custodian on proceedings had under the trading with the enemy act for the year ended December 31, 1930.

HERBERT HOOVER.

THE WHITE HOUSE, February 6, 1931.

LIMITATION OF PETROLEUM IMPORTS—SPEECH BY SENATOR CAPPER

Mr. PINE. Mr. President, I ask consent to have printed in the RECORD a speech delivered by the senior Senator from Kansas [Mr. CAPPER] before the Senate Committee on Commerce January 31, 1931, on the limitation of petroleum imports.

There being no objection, the speech was ordered to be printed in the RECORD.

Senator Capper spoke as follows:

Mr. Chairman, it is not my purpose to consume much of the time of the committee. I have introduced S. 5818, which is before your committee for consideration, for the protection of the oil industry of the United States, and in the hope of saving the independent oil producers of this country from absolute ruin.

It is not necessary for me to introduce statistics and figures on the industry. These have been placed in the record, I believe, in very logical and effective fashion by those intimately acquainted with the situation. For me to place them in the record again would simply cumber that record and use up valuable time of the members of the committee. I have no desire to do this.

Before discussing the bill S. 5818 and what it is intended to accomplish, however, I would like to say a few words about what we who are backing this legislation do not expect it to accomplish.

This measure was introduced as an emergency proposition. It is not advanced with the idea that it will solve a very serious problem, a problem that is of vital concern to the entire country as well as to the independent producers of petroleum in this country.

I do not contend that the enactment of this measure into law will save the petroleum industry of the United States.

But I do believe, and those of us who are putting every effort behind getting the measure or some similar measure enacted into law at the earliest possible moment also believe, that its enactment will keep the industry alive. It will give us time to work out a long-time program that will conserve our oil reserves, keep our third largest industry as a going concern, and return to employment of thousands of workers.

After that is done we will still have the problem of maintaining proration on an equitable basis in the United States. We will still have the problem of threatened monopoly by a few large companies. We will still have the problem of deciding whether the petroleum industry, out of all the major industries of this Nation, shall receive the tariff protection accorded manufacturing, agriculture, and other industries.

Mr. Chairman, I am admitting that in S. 5818 we are proposing the limitation of imports of crude petroleum, the prohibition of the imports of fuel oil and refined products of petroleum, for a 3-year period, simply as emergency legislation. We are proposing merely to give the industry a lease on life while we decide what solution of the problem will serve best the interests of the entire country, as well as the interests of the oil industry and those sections of the country in which that industry is located.

It may be that a comprehensive and intensive study of this problem will point to Government control of production. It may be that such study will lead inevitably to Government regulation of pipe-line carriers, their charges and services, along the lines that the railroad rates and services are regulated.

Such a study may develop the necessity for breaking up the present system by which the same ownership controls production, transportation, refining, wholesale distribution, and retail distribution. I am of the opinion that we are going a long way along the several roads I have just indicated before we are through with this problem of adequate legislation for the oil industry. I am thoroughly convinced that petroleum, both crude petroleum and its refined products, should have adequate tariff protection.

But, Mr. Chairman, I am perfectly well aware, and those engaged in the oil industry who feel the same way as I do on the subject are perfectly well aware, that a tariff on petroleum during this session of Congress is an impossibility. Chances of favorable action on the limitation and embargo bill as proposed, we know, are meager. But there is a chance of action along the line pursued in this bill. Therefore, we are urging such action.

It is not the question of what ought to be done for the oil industry that we are facing at this time, as I see it.

It is a question of what can be done, in the short time we have at our disposal, to keep the oil industry alive while we work out what ought to be done and how best to do it.

Mr. Chairman and members of the committee, I am not exaggerating in the least when I say to you that the oil industry in this country is facing ruin—and its ruin means business stagnation, lack of purchasing power, unemployment, and poverty for hundreds of thousands of people in the Southwest and other oil sections of the country.

Mr. Chairman, this deplorable condition is brought home to me with crushing force by conditions that prevail in my own State of Kansas. There are to-day between 10,000 and 11,000 small "stripper" wells in 11 Kansas counties shut down without a market for their product. They have been shut down—just pumping enough to keep out salt water—since January 1, while the big companies that could save them have been passing the buck and doing nothing.

These wells are from 15 to 20 years old, pumping only a barrel a day on an average. This production is the backbone of the oil industry. It could continue to pump at this rate for years and years.

In Kansas thousands of oil workers are out of work. Whole communities are practically idle, facing ruin; the citizens in these communities facing, many of them already enduring, actual poverty.

And while their own oil, produced by American labor from wells on which they took a chance when they drilled, is unmarketable, they see all over the countryside, filling stations selling Royal Dutch Shell gasoline and refined products—made from cheaply produced foreign oil; sold for the profit of foreign stockholders in a foreign corporation seeking a world monopoly. Is it any wonder these people are asking what protection their country is giving them? Is it any wonder they are knocking at

the doors of Congress, asking for immediate relief pending the working out of their problem?

I say to you that in my judgment this condition is due very largely to the unrestricted importations of cheaply produced foreign oil. Through proration, the domestic producers in the United States have held down their production to less than consumptive demands for the past year; in fact, it might be said for several years past, in the interest of conservation of oil reserves and in the interest of self-preservation.

The independent producers of petroleum, when they adopted proration—I want to say just a word about the adoption of proration.

Those who are not familiar with conditions in the flush oil States may not realize that proration in these States, whether by State control or by voluntary agreement, amounts to voluntary proration by the industry itself.

Take the State of Oklahoma. Without the cooperation of the great majority of big independent producers in Oklahoma, that State would not have proration. When the State of Oklahoma, through its corporation commission, establishes proration at as low a production limit as 1½ per cent of its possible production, it means that the oil industry in Oklahoma has brought about that condition itself. Similarly in the other flush oil States. The oil industry is so important in these States that without its consent proration practically is impossible.

So when the oil industry accepted and adopted and practiced proration—which is domestic limitation of production—it had a right to expect there will be a corresponding limitation of importations. In fact, I am informed that limitation of imports was agreed to by the big companies when the independents agreed to a conservation program that included proration—which is limitation—of domestic production.

But limitation and reduction of domestic production has not been accompanied by either limitation or reduction of imports of crude and refined products. Last year in this country production was decreased by some 100,000,000 barrels of oil. During that same period, as shown by exhibits placed in this record, the equivalent of more than 100,000,000 barrels—in fact, the equivalent of some 120,000,000 barrels of crude—was thrown onto the domestic market, breaking it down entirely.

It is contended by the independent producers who are making this plea for help that there has not been in fact any overproduction of oil in the United States in the last 12 years. Wirt Franklin, president of the Independent Producers' Association, tells me—and I believe these statements also are in the record—that from 1918 to 1929, inclusive, we have imported 950,000,000 barrels of crude.

During that same period we produced in this country 600,000,000 barrels less than we consumed.

But this 950,000,000 barrels of imported oil added 350,000,000 barrels to the oil in storage, so that to-day the industry is staggering under more than 500,000,000 barrels of "surplus" oil in storage, a surplus not due to overproduction of domestic oil but an oversupply of imported oil.

Even more important on the future of the oil industry, and on the future fact of the oil reserves of the United States, is the ownership of the importations and the manner in which the imported oil is used as a constant threat to force down the price of crude.

The bulk of these imports are made by three big interests—the Standard Oil group, the Royal Dutch Shell, and the Gulf Co. The Standard of New Jersey and the Standard of Indiana are the principal importers in the Standard group. Legally these two are separate companies, so we generally say the Big Four in referring to the importers.

This country's consumptive market for petroleum in round numbers is 1,000,000,000 barrels a year. These companies are importing the equivalent of more than 100,000,000 barrels a year, or approximately 10 per cent of the total consumption.

But this 10 per cent can, and we believe is, used to fix the market price for all crude oil in this country. No independent refiner dares to purchase large quantities of crude in advance, when he does not know how much imported crude will be thrown on the market and send the price downward.

These big importers, it must be remembered, are also domestic producers of crude. They are refiners of petroleum. They control a huge network of pipe lines that carry oil also for the independents. Also they engage in wholesale and resale distribution.

Figures have been placed in the record showing that these big companies control approximately 50 per cent of the crude-oil production in the United States.

Also they control between 70 and 80 per cent of the refined products, including fuel oil and gasoline, sold in this country.

You can see what a domestic refiner is up against in buying crude. Big companies which sell 70 or 80 per cent of the refined products at any time can throw in enough imported obtained at a very low cost to break him as a refiner if he has loaded up with crude at a higher price.

To cut it short, this cheaply produced foreign imported oil, whole only 10 per cent of the crude in this country, fixes the price for all of it. Its presence or possible entry into the country is a constant threat that holds down the price of crude.

At the same time these importations of cheap foreign oil do not result in lower gasoline prices, as might be expected.

When crude oil was selling in the Mid-Continent field at \$2.04 a barrel in 1926, the average price of gasoline in 52 cities in the United States was 18.09 cents a gallon. In 1930, when the crude price was \$1.29 a barrel, gasoline in these cities averaged 18.39 cents a gallon. In 1931, with crude at 87 cents a barrel, the gasoline price is no lower than it was in 1929. All of us are

aware of this fact, although the average for these 52 cities is not at present available in exact figures.

Unrestricted importations and monopolistic control of refining and sale of refined products are ruining the domestic producers; the independent oil industry in this country is paralyzed to-day. The consumer will pay the price to-day and through endless to-morrows.

The only beneficiaries of these importations are the few big companies—the Standard companies, the Royal Shell, and the Gulf Co.

This situation presents an even greater threat to the future than it does for to-day, bad as the present situation is.

Continue the present system for a few years and the independents will largely have to go out of business, with the possible alternative to which I will refer in a few minutes.

As the independents go out of business they must cancel their leases. In fact, they are doing that on a large scale to-day. The owners of the land can not go into the oil-producing business in the face of the unrestricted importations from South America, probably in huge quantities from Russia within a few years.

The oil reserves of the country then can be gobbled up by the big companies—big companies that produce, that transport, that refine, that transport the refined products, that distribute wholesale, that distribute retail. When these companies with a monopoly on refining and distribution also have a monopoly on the oil reserves, then we will have a fuel monopoly in this country that will place the people completely at its mercy.

Also the Government will be completely at its mercy in times of emergency.

This threatened monopoly, which I fear is too nearly accomplished to-day for the welfare of the country, is the real problem we have to solve, as I see it.

We can not solve this problem during the present session of Congress. We probably can not solve it during the next two years. I hope we may.

But unless the independent producers—and through them the people of this country and the Government itself—are protected from this inflow of cheap foreign oil during the years it will take us to arrive at the solution of the real problem—I say, unless we restrict this importation on at least a comparable basis with the restriction of our domestic production, there will be no problem left for us to solve in another three years.

The Dutch Shell and other big companies will have solved the problem for us by monopolizing the oil reserves of the entire country.

Before closing I must mention the alternative that the independents can, and in my judgment will, adopt if imports are not limited.

These producers have large fields of oil in Oklahoma, in Texas, in New Mexico, in California, in Kansas, and other States. They are prorating, restricting their production, in these States to-day. They are producing 1 per cent, 3 per cent, or whatever it may be, of their possible production.

If they decide the market has gone to pot for good because of importations, they are going to realize what they can as quickly as they can out of their oil holdings.

Proration will be broken down. Everyone will get out all the oil he can as soon as he can and at whatever price he can get. Millions upon millions of barrels of our oil reserves will be wasted. The small 1 to 3 barrel wells can not compete with this flood of flush oil, and these will be abandoned, and abandoned permanently and beyond hope of reviving.

Unrestricted importation is the greatest enemy of oil conservation to-day.

In the interest of conservation, in the interest of the consumer, in the interest of the independent producer, in the interest of 100,000 men out of work in the oil fields, I beg of you to report this bill, or one like it, favorably at the earliest possible moment. I thank you for your patience and interest.

INDEPENDENT OFFICES APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 16415) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1932, and for other purposes.

Mr. REED. Mr. President, yesterday an amendment was adopted to the pending bill providing that employees of the United States who are receiving salaries in excess of \$2,000 a year shall not at the same time receive benefits as retired emergency officers. Since then the Comptroller General has called me up to say that, on studying the matter, he thinks the language can be improved to carry out the same intention, and he has suggested a form of words which is in exact accordance with the intention of the Senate but which, he says, is not susceptible of misconstruction and can not lead to the presentation of a swarm of private claims which might arise under the phraseology adopted yesterday.

For that reason, Mr. President, after consultation with the chairman of the committee, I am going to ask unanimous consent for the reconsideration of the vote by which the amendment referred to was adopted on yesterday and for the substitution of the words suggested by the Comptroller

General for the wording of that amendment. I ask that the clerk may read the language suggested by the Comptroller General.

The legislative clerk read as follows:

Provided, however, That no person shall on and after July 1, 1931, be entitled to and/or paid retired pay under the disabled emergency officers' retirement act of May 24, 1928 (45 Stat. 735), for any period during which he is receiving a salary, pay, and/or compensation from the United States which exceeds \$2,000 per annum; and said disabled emergency officers' retirement act of May 24, 1928, is hereby amended accordingly.

The VICE PRESIDENT. Without objection, the vote whereby the amendment was agreed to on yesterday will be reconsidered. The Senator from Pennsylvania now offers in lieu of that amendment the amendment which has been read. The question is on agreeing to that amendment.

Mr. McNARY. Mr. President, I should like to have the Senator briefly state wherein the language now proposed differs from that which was contained in the amendment adopted on yesterday.

Mr. REED. The amendment adopted on yesterday forbade the payment out of this appropriation or any other appropriation retired pay under the circumstances mentioned. The Comptroller General says that will effectively prevent the payment of money but it will not prevent the presentation of many claims bills to Congress, on the theory that the officers are entitled to the money but it merely has not been appropriated. This, he says, will work out in the same way, but will deprive them of any excuse for the presentation of private claims.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. McKELLAR. Mr. President, on page 17 of the bill are to be found, under the heading "Federal Farm Board," these words:

For an additional amount for carrying into effect the provisions of the act entitled the "Agricultural Marketing Act," approved June 15, 1929, including all necessary expenditures authorized therein, \$100,000,000, which amount shall become a part of the revolving fund to be administered by the Federal Farm Board as provided in such act.

I want to call the attention of the Senate to the appropriation. This is the last of the \$500,000,000 authorized to be appropriated for the Farm Board. Before the Appropriations Committee we had hearings on this item, at which certain men interested in cotton from Memphis and other cities appeared, and Mr. Alexander Legge also appeared. I wish to call the attention of the Senate, before this provision shall be adopted, to some of the statements of Mr. Legge.

The question was asked him:

Has that \$150,000,000 been expended?

I should have stated that on December 20, if I remember correctly—at all events, in the latter part of December—Mr. Legge came before the committee and wanted \$150,000,000 appropriated for this fund, and it was appropriated, making \$400,000,000 up to that date. Now it is proposed in this bill to appropriate another \$100,000,000, making \$500,000,000 in all.

I asked Mr. Legge:

Has that \$150,000,000 been expended?

Mr. McNARY. Where is the Senator reading from?

Mr. McKELLAR. I am reading from the hearings on the independent offices appropriation bill for 1932, under date of Saturday, January 31, 1931.

Mr. Legge answered:

Mr. LEGGE. No, sir. There is a Treasury balance still of \$119,000,000, against which we have commitments—that is, loans under negotiation—amounting to \$51,000,000, less a balance over and above that of \$68,000,000.

Senator McKELLAR. It will be necessary to have another \$100,000,000 during the coming year?

Mr. LEGGE. The coming year; yes, sir; for this reason: So far, there has been little, if any, improvement in the general conditions, and the money is tied up on loans on wool, and cotton, and wheat, and all of these commodities, and, in our judgment, likely to liquidate very slowly. If the liquidation was normal, probably we would not need any further money.

Senator McKELLAR. Do you think with the appropriation of this \$100,000,000—that will give you \$500,000,000 in the revolving

fund—in your judgment, can all of the obligations of your bureau hereafter be met then with that \$500,000,000?

Mr. LEGGE. I think so.

Senator McKELLAR. You do not think that you will have to call on the Government for any additional sum?

Mr. LEGGE. My judgment would be no.

Senator McKELLAR. What portion of that amount is invested in cotton, one way or the other?

In this particular examination I am just asking about cotton. If the other members of the committee want to bring in any other articles, all right; but so far as I am concerned, I am principally interested in cotton at this time.

Mr. LEGGE. In round figures, Senator, \$116,000,000—

Senator McKELLAR. \$116,000,000?

Mr. LEGGE. Is out on cotton at the present time.

Senator McKELLAR. Have you figured out what losses your board has in the handling of cotton?

Mr. LEGGE. Well, we have losses. It is impossible to ascertain definitely, Senator. We could make an estimate as to what it would be were the cotton sold on to-day's market, but it could not be sold on any one day's market. In other words, if an attempt were made to market it hurriedly, the losses would be greater. On the other hand, any improvement in the market would reduce the losses.

Outside of some of the very nominal loans that may turn out to be in default, the losses are in the cotton stabilization, in which they carry 1,300,000 bales of cotton on that 16-cent basis plus the carrying charges which are accruing on it, and that, of course, would figure to-day a loss of \$25 a bale—a little more than that—maybe \$30 a bale.

So that the losses are easily ascertained.

This whole examination refers purely to cotton. I then asked Mr. Legge as to how the \$116,000,000 had been disposed of by him in the cotton business. He stated that it had been loaned to 12 cotton cooperative associations. He was then asked about whether or not these cotton cooperatives were solvent. He said that some of them had been solvent, and one notably had been solvent, but many of the others had not been solvent.

It developed that the Government, through the Farm Board, is dealing with 12 cotton associations, all but one of which seem to have been of doubtful financial stability, to say the least of it, when the Government began dealing with them and lending them money. Mr. Legge was of the opinion that four of these cooperative associations were good. He could not be certain about the others. Asked about the advisability of the Government lending these large sums to the cooperative associations, he said that it was the law, and that he was simply carrying it out. That was the substance of what he said.

In addition to that, Mr. President, evidently, from Mr. Legge's testimony, he felt that there was great doubt about what had been done. The Farm Board at first lent money to the cooperatives at 16 cents a pound on cotton. They then changed entirely and reduced the amount to 9 cents. Later on they fixed it at a somewhat smaller figure than that. Mr. Legge admitted that the effect of this legislation and his administration of this law was that the Government had simply set up another cotton dealer; that was all. It had simply set up another cotton dealer; and this cotton dealer, backed by Government finances, handles about 2,000,000 bales, or about 15 per cent of the entire cotton.

I think it is a fair inference from Mr. Legge's testimony that he did not approve it. He did not even think it had done any good. In my judgment, it has done enormous harm. In order to recoup or make good the losses of these cooperative associations, which losses were incurred before the Government got behind them, they added 50 cents a bale for dealing with cotton, to be applied to the old debt. In other words, the Government, in administering the farm marketing act—and I do not think it was ever intended by the Congress that that should be done—have simply taken the position that they would rehabilitate and set up again and reorganize these cotton cooperative associations that for the most part had failed. I believe all had virtually failed. All except one were overwhelmingly in debt. Mr. Legge thought that under present conditions, with the Government lending them the money, they might be sustained.

In my judgment, however, the Farm Board's administration of this act is a woeful failure, and has injured the farmer to an enormous degree instead of helping him. When the Farm Board took over the administration of this act cotton was selling at 16 cents and more per pound. It con-

stantly went down, it constantly went down, and there have been constant losses to the farmers in cotton ever since.

Mr. President, that is not all that the Farm Board did. I am going to ask that as a part of my remarks Mr. Legge's examination be printed in the RECORD. It is exceedingly important. I hope every Senator will read that examination. He was asked if the board was not engaged, through these cooperative associations, in speculation on the market. He hesitated somewhat but substantially he admitted that that was true.

The practice of the cooperative associations is to sell their cotton and buy futures at the same time. They have membership in the cotton exchange in New York. In my judgment, this testimony shows that they are simply gambling on the cotton future market.

I am wondering whether the Congress ever intended that the Government should be made a cotton dealer, and, as a cotton dealer, that the Farm Board should take the Government's money and speculate upon the cotton future market. If there is a Senator here who ever dreamed that that would be done, I should like to have his opinion now. I will yield to him to make that statement. I do not think it was.

So far as I am concerned, I am in doubt whether this \$100,000,000 ought to be spent. Mr. Legge says that with it they can continue to build up these cooperative associations; but what good are they doing? They are charging the farmer more than the private dealers are charging the farmer for handling his crop. I am talking about the cotton crop. I am not talking about wheat; I am not talking about cattle; I am not talking about butter. I am limiting what I am saying here to-day solely to cotton.

Why should the Government become a dealer in cotton? That is all the Farm Board has done. The farmer is not being helped. In my judgment, the farmer is being greatly injured by the Government entering into this business in this way.

It is true that with the Government money the Farm Board is helping defunct cooperative associations; but, beyond that, what good are they doing? I am in doubt whether they are doing any good.

Mr. FESS. Mr. President—

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Ohio?

Mr. McKELLAR. I yield to the Senator.

Mr. FESS. I am very much interested in what the Senator is saying, and I am impressed with his comments.

The Senator knows that when we had this question before us there was considerable confusion as to how much authority ought to be given to the board. We created the board and wanted to give it ample authority to stabilize prices, and then supplied the necessary money to do it. I had always been afraid of any Government agency being given unlimited power in stabilization, for fear that it might go into the buying of the product in order to maintain the price.

Mr. McKELLAR. I have not reached the stabilization feature of the matter. I am going to have a word or two to say about that; but I am perfectly willing for the Senator to proceed.

Mr. FESS. What I was going to say was that I think there is a fear on the part of the public that the board, in its buying, might be subject to the charge that it is speculating; and, in a sense, it is. It is buying in the open market. It does not know what it will get for the cotton later on. Of course, the purpose is not to speculate. The purpose is to keep up the price.

I think we are in a stage of experimentation. Personally, I am somewhat fearful that the experiment will not be the success that it was thought here that it was likely to be.

For example, the board is criticized for not going into the market and buying all of the surplus of cotton or wheat. I do not think that would be safe at all. It certainly never was intended, when we gave the authority, to go to that extent; and I will state to the Senator that I have been somewhat distressed over what is to be the outcome of the Government going into the market and buying.

I talked with some one responsible about the wheat crop; and it came to me that if, in the effort to stabilize the price,

the board should cease to operate, immediately there would be a decline in the price of wheat to the level of the European price, which might be a reduction of something like 22 cents a bushel; and it would result not only in loss to the wheat grower, but the danger would be that it would smash a great many banks in the wheat country. So I think the problem is a tremendously difficult one; and, while it is an experiment, I am not assured that it is a success.

Mr. McKELLAR. Mr. President, of course, I have views very similar to those of the Senator from Ohio, except this, that I think that the Farm Board itself, and certainly Mr. Legge, in this testimony, which I want earnestly to commend to the Senator's reading to-morrow, have demonstrated that so far as cotton is concerned, their activity is not a success. I realize what the Senator says, that if we were to refuse to appropriate this \$100,000,000 now, some kind of disaster might come upon us, and that is the only reason why, as a member of the Committee on Appropriations, I was willing for the item to go into the bill. For that reason I was very careful to ask Mr. Legge if, in his judgment, this amount of money would be sufficient to run the business hereafter in all probability, and he assured us that in his judgment it was. That is merely an opinion. I have my doubts about it. I do not know about other commodities, but I do know that under the administration of this act by the board we have lost somewhere in the neighborhood of forty-five or fifty million dollars already, and they have a proposition that is inimical to the present price of cotton and to any advance in that price perhaps for months to come.

This is what they have done. They took from the cooperative associations, which were not able to function without the Government's money, they took over 1,300,000 bales, and they are holding that. That is called stabilization cotton. It is commonly referred to in the newspapers and elsewhere as stabilization cotton. The Government simply owns 1,300,000 bales of cotton, on which they have a loss now of some \$45,000,000. The board is unwilling to say that they will take that off the market. The farthest extent to which they have ever gone is to say that they will not sell the cotton before the 31st of next July. That sort of statement, with that enormous amount of cotton on hand, virtually hammers the price down at all times, because the foreign millers will think, American millers will think, "Next July we will get cotton at a very greatly reduced price."

Of course they are not going to buy cotton at a higher price if they can get it at a lower price. I have no doubt that the 1,300,000 bales, which the Government now owns, act to depress the price of cotton. There is but one thing the board can do, and, by the way, I suggested it to Mr. Legge, and I believe he has authorized a conference to be held with cotton growers and dealers on this very subject. There is but one thing to do, and that is to do as we did in 1920, I believe it was, with wheat; just announce that this cotton is not going to be put on the market until the Government gets its money out of it. Of course it is obliged to come out some time. That is the only way the Farm Board can do anything with the price of cotton at this time.

I hope the coming conference will bring about such a result. I do not know whether it will or not. Mr. Legge said that the plan they had adopted certainly had not worked favorably to the farmers, and he was now willing to consider this plan, and I hope it will be adopted. It is the only way in the world by which the cotton farmer can be helped to get a better price for his cotton.

At all events this testimony of Mr. Legge is very enlightening. There were other witnesses who testified along similar lines. They went further than Mr. Legge went, but, so far as the Farm Board is concerned, whatever may have been the intention of Congress, all that it has done under this act is to put the Government in the cotton-brokerage business; that is all. It is a perfectly plain proposition, and Mr. Legge says so. He says that nothing has been done except to make the Government one of the great cotton dealers of the country. It took over these defunct associations, lending them money, furnishing them the money with which to buy futures, furnishing them the money to buy cotton, furnishing them the money to pay expenses, seeing

that their officers get big salaries, one of them getting \$75,000 a year, the head of the cooperatives; and, to my mind, it is a situation where the Government has hurt business. Some Senators talk about not wanting the Government to go into business at Muscle Shoals, where we own the property, yet they vote for these appropriations, which put the Government into the cotton business to the great injury of that business.

Mr. JONES. Mr. President, I am not sure but that the Senator said it, but I think he would join with me in bearing testimony to the fact that Mr. Legge was perfectly open and fair and frank in his statement to the committee. He impressed me that way.

Mr. McKELLAR. Practically so; I will go that far. Surprisingly so, so far as I was concerned, because his testimony, in my judgment, was wholly at variance with the testimony he had given to other committees in the past and at variance with newspaper statements he has given out. As I construe his evidence—I may be wrong about it—it is: "Yes; the Government has permitted us to go into the cotton business, and we are handling about 15 per cent of it; we have made a woeful failure of it, and I do not know what is going to be the result. I doubt whether any result will ever come from it." That is about the sum and substance of Mr. Legge's testimony.

I am just wondering whether, under testimony of that sort, we ought to appropriate another \$100,000,000 of the people's money to carry out that sort of practice. I doubt it very much.

In my judgment, the management of the cotton business by the Farm Board has been a woeful failure, and I submit and ask that there may be printed as a part of my remarks the testimony of Mr. Alexander Legge given on the 31st of January, as it appears in the hearings at page 125.

The VICE PRESIDENT. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

STATEMENT OF ALEXANDER LEGGE, CHAIRMAN FEDERAL FARM BOARD

Senator JONES. Mr. Legge, Senator McKELLAR wants to get some information relative to activities of the Farm Board. Let me say for the record, Senator KEYES has the grippe this morning, and has asked me to go on with this bill.

Senator McKELLAR. Mr. Legge, on page 17 of the bill there you will see an item:

REVOLVING FUND

"For an additional amount for carrying into effect the provisions of the act entitled the 'agricultural marketing act,' approved June 15, 1929, including all necessary expenditures authorized therein, \$100,000,000, which amount shall become a part of the revolving fund to be administered by the Federal Farm Board as provided in such act."

About 30 days ago we appropriated \$150,000,000 for this particular purpose.

Mr. LEGGE. Yes, sir.

Senator McKELLAR. Has that \$150,000,000 been expended?

Mr. LEGGE. No, sir. There is a Treasury balance still of \$119,000,000, against which we have commitments—that is, loans under negotiation—amounting to \$51,000,000, less a balance over and above that of \$68,000,000.

Senator McKELLAR. It will be necessary to have another \$100,000,000 during the coming year?

Mr. LEGGE. The coming year; yes, sir; for this reason: So far there has been little, if any, improvement in the general conditions, and the money is tied up on loans on wool and cotton and wheat and all of these commodities, and in our judgment likely to liquidate very slowly. If the liquidation was normal, probably we would not need any further money.

Senator McKELLAR. Do you think with the appropriation of this \$100,000,000—that will give you \$500,000,000 in the revolving fund—in your judgment, can all of the obligations of your bureau hereafter be met, then, with that \$500,000,000?

Mr. LEGGE. I think so.

Senator McKELLAR. You do not think that you will have to call on the Government for any additional sum?

Mr. LEGGE. My judgment would be no.

Senator McKELLAR. What portion of that amount is invested in cotton, one way or the other?

In this particular examination I am just asking about cotton. If the other members of the committee want to bring in any other articles, all right; but so far as I am concerned I am principally interested in cotton at this time.

Mr. LEGGE. In round figures, Senator, \$116,000,000.

Senator McKELLAR. \$116,000,000?

Mr. LEGGE. Is out on cotton at the present time.

Senator McKELLAR. Have you figured out what losses your board has in the handling of cotton?

Mr. LEGGE. Well, we have losses. It is impossible to ascertain definitely, Senator. We could make an estimate as to what it

would be were the cotton sold on to-day's market, but it could not be sold on any one day's market. In other words, if an attempt were made to market it hurriedly, the losses would be greater. On the other hand, any improvement in the market would reduce the losses.

Outside of some of the very nominal loans that may turn out to be in default, the losses are in the cotton stabilization, in which they carry 1,300,000 bales of cotton on that 16-cent basis plus the carrying charges which are accruing on it, and that, of course, would figure to-day a loss of \$25 a bale—a little more than that—maybe \$30 a bale.

Senator SMOOT. You mean that it is 6 cents a pound less than 16 cents?

Mr. LEGGE. You see there has been added to the 16 cents the carrying charges for a considerable period of time. That would certainly carry it above 16 cents.

Senator SMOOT. Then the cotton would be about 12 cents?

Mr. LEGGE. Cotton is a little under 12 cents; that is what it would bring on the terminal market.

Senator McKELLAR. The average price now is about 10 cents, is it not; a little rise over 10 cents?

Mr. LEGGE. No; this cotton has been, most of it, certificated cotton, and is carried in the terminal places, like New York and New England.

Senator McKELLAR. So that the losses would be between 6 and 7 cents a pound, in your judgment?

Mr. LEGGE. Yes, sir; approximately.

Senator McKELLAR. Mr. Legge, have you ever filed a full financial statement as to cotton, showing all of the obligations of the bureau in reference to cotton?

Mr. LEGGE. Yes; I think so. That covers the stabilization situation.

The statement I just made covers the stabilization situation.

Now, the balance of this money is current loans.

Senator McKELLAR. To cooperatives?

Mr. LEGGE. To cooperatives, \$68,151,000.

Senator McKELLAR. Well, have you ever made a statement showing just how this money was loaned, and what amounts, and what the chances were to recover?

Mr. LEGGE. It is loaned on warehouse receipts of cotton. The chances of recovery are good if the cotton brings as much money as is loaned on it, Senator. That is a question which the future only can determine.

Senator McKELLAR. Yes.

Senator SMOOT. What is the average amount that has been loaned on those warehouse receipts per pound?

Mr. LEGGE. Right around 9 cents. Now, I can not give that accurately, Senator, without having a compilation from the different States.

Senator SMOOT. In other words, to-day it would come pretty close, on to-day's market, of paying out?

Mr. LEGGE. Yes; it would be, if it could be done; but you could not sell 2,000,000 bales of cotton in one day. You would knock the price to pieces.

Senator SMOOT. I say, if it could be done.

Mr. LEGGE. Yes; if it could be done, I think there would be no losses, certainly none of any consequence on these loans.

Senator McKELLAR. You have loaned money on about 2,000,000 bales to cooperatives?

Mr. LEGGE. Yes, sir.

Senator McKELLAR. What was the condition of these 11, I believe, 9 or 11, cooperative associations when you took them over; were they in good financial condition?

Mr. LEGGE. I would not consider them so; no, sir.

Senator McKELLAR. As a matter of fact, they were all financially disabled since the Government loaned them money in order, first, to pay off their debts, are they not?

Mr. LEGGE. No. Our loans are made to them wholly on cotton, at too high a rate; that is, the loans that were made in 1929, and the cotton would not pay out on the basis of those loans.

Senator McKELLAR. For instance, did you have a complete audit of the affairs of the Oklahoma cooperatives when you took them over?

Mr. LEGGE. We did not take them over in the sense that the public would understand that answer, Senator. We only took over a part of the financing of them. The cooperatives are the same as they have been. They have continued. There is some litigation pending.

Senator McKELLAR. I understand that, but the financial part of it is what the Government is very greatly interested in, because the Government is doing the financing.

Mr. LEGGE. Yes, sir.

Senator McKELLAR. And I was wondering, before you loaned them money, did you have any examination or audit made to determine whether or not it was a proper agency for you to loan money to?

Mr. LEGGE. We thought we had, Senator. Now, our audits were not as complete as they should have been. These loans were very urgently needed soon after the board started business.

Senator SMOOT. When you made those loans, Mr. Legge, you made them on the basis of so much per pound of cotton?

Mr. LEGGE. On so much per pound of cotton.

Senator SMOOT. And that cotton is the security for the loan?

Mr. LEGGE. Yes; and was ample security then, at the time the loan was made.

Senator SMOOT. That is the reason why you did not have to go into the real financial conditions of the cooperatives?

Senator McKELLAR. That is the opinion of Senator Smoot, but I think that Senator Smoot is mistaken.

It seems to me, when this fund was turned over to you, before you loaned it, you ought to have made an examination to see what the conditions were, what conditions they were in.

Mr. LEGGE. I know, but will you—

Senator SMOOT. Senator—

Senator McKELLAR. Let me get through with the witness, if you do not mind, and let him make the statement.

I call your attention to the condition of the cooperative association at Memphis. I do not remember what it was called, but the one that was in existence there. Was it not in very great financial straits?

Mr. LEGGE. Yes.

Senator SMOOT. And did you not loan it money in order to get it out of its financial straits?

Mr. LEGGE. We loaned it \$100,000, Senator, on a rather bad statement.

Senator McKELLAR. Yes.

Mr. LEGGE. I admit that, Senator, that we did that in the hope—

Senator McKELLAR. It was \$150,000, was it not?

Mr. LEGGE. \$100,000.

Senator SMOOT. \$100,000?

Mr. LEGGE. Yes. There subsequently developed as we went on auditing there, more and more trouble came to light, some of it rather embarrassing because of the speculation on the part of some of the officers, and the result was that it had to go into liquidation. That was the old cooperative.

Senator McKELLAR. And you combined it with two others?

Mr. LEGGE. Yes; the Arkansas and a little one in Missouri—practically one other. The Arkansas and Missouri were practically consolidated before that. They are now combined in one.

Senator McKELLAR. Known as the Mid-South?

Mr. LEGGE. Mid-South; yes, sir.

Senator McKELLAR. What is its condition now?

Mr. LEGGE. Far better than the old association was.

Senator McKELLAR. But if the Government took away its aid, that association would still be in financial trouble, would it not?

Mr. LEGGE. I think it would, without some assistance.

Senator McKELLAR. Is not that true of every single cooperative association that the Government is dealing with, and if not, would you mind giving one that you regard as sound?

Mr. LEGGE. The two worst ones have been able to liquidate; the old original short-staple association in Mississippi, and the one at Memphis, were in the worst position of any of them, and next to these was the one at Phoenix, Ariz., known as the Arizona Pima Cotton Growers. Their affairs proved to be very bad. They have sold out to the Anderson-Clayton interests, practically, this Phoenix concern has, since then. The other two have gone into liquidation. In the case of Memphis a reorganization has taken place. In the case of Mississippi an entirely new organization has been developed in the place of the one that failed.

Senator McKELLAR. In the matter of the old Mississippi cooperative, a complete failure had already taken place when you started with them?

Mr. LEGGE. Yes, sir.

Senator McKELLAR. And they had lost, oh, between two and three hundred thousand dollars, had they not?

Mr. LEGGE. I do not know the exact figures. It was so bad we would not loan them any money.

Senator McKELLAR. Yes; but you took them over and rehabilitated them in a new company?

Mr. LEGGE. No; that was done by the members, by members of the old organization, partly, and partly outsiders. It was done entirely outside and without any obligation on our part.

Senator McKELLAR. A new set-up?

Mr. LEGGE. A new set-up was established in Mississippi and has been very well run; and, I might add, Senator, its showing is excellent.

Senator McKELLAR. Now, let me ask you this: In a copy of a contract which was exhibited by one of the witnesses here the other day there is a provision that a charge shall be made against the present farmers' cotton; in other words, as it comes in, of about 1 per cent, which the cooperative uses for paying these old debts. Do you recall that provision in the contract?

Mr. LEGGE. I know that has been discussed there among themselves, on this theory, Senator: Unfortunately, that old institution had paid out many of their members in full for their cotton, and some others had not been paid anything; and the new organization took up the problem of amortizing over a period of years themselves some of the liabilities, as much as they could, because they had some members there who had delivered their cotton and had not received one dollar. They were going to take a 100 per cent loss. And they voluntarily agreed collectively that they would later repay that.

Senator McKELLAR. And it is to be repaid in this way: For instance, suppose I am a cotton raiser and come into the cooperative. I sign a contract by which I agree to pay or to allow the cooperative association the right to deduct from the sale of my cotton 50 cents a bale—it is not expressed as 50 cents a bale—but a sum not exceeding 1 per cent, which would be, with cotton at \$50 a bale, would be 50 cents a bale.

Mr. LEGGE. Yes, sir.

Senator McKELLAR. For the purpose of paying these old debts of the old cooperative association with which the new subscriber had nothing in the world to do. Now, do you think that is right?

Mr. LEGGE. Well, that is a voluntary action on their own part, Senator, so far as the old members are concerned, and I think the majority of the men in this new organization were members. It

is perfectly justifiable, so far as they are concerned, because some of them had their money in full and some had not received anything.

Senator SMOOT. That is what I say.

Senator McKELLAR. That is, the old members?

Mr. LEGGE. Yes.

Senator McKELLAR. But certainly there is no justification for making a new man, when he comes in, charging him 50 cents a bale on his cotton to pay the debts of some of the other people who had been gambling and speculating in cotton?

Mr. LEGGE. That is a matter that is purely within the cooperative organizations themselves, and, of course, anything of that kind that is done is plainly understood and so stated in their contract. They agreed to do that voluntarily, all of these things.

Senator McKELLAR. Those printed contracts are long printed contracts, and no particular attention is called to it, and a man who borrows money on it simply agrees to it in that way, is that the idea? It is never explained to him, is it?

Mr. LEGGE. We have insisted to the best of our ability that the full facts regarding every cooperative be made known to new members as well as old members. Now, I can not guarantee that that is done.

Senator SMOOT. In other words, it is very much more onerous on a man that did not draw a cent of money here, and loses it all. They are taking on that responsibility.

Senator McKELLAR. That is the man who has gambled in cotton, and lost.

Senator SMOOT. No; he did not.

Senator McKELLAR. Why should a new member be required to pay his losses? That is neither here nor there. That is a matter of argument.

Senator JONES. As I understand, your organization has not had anything to do with that?

Mr. LEGGE. It has had nothing to do with it. That is a matter that they have handled.

Senator McKELLAR. But at the same time—

Senator JONES. That is a matter between the individuals and the cooperative organization?

Mr. LEGGE. Yes, sir.

Senator McKELLAR. At the same time the cooperative associations, the nine of them now in existence, that are held up by your board, are they not, and probably could not get along at all without you?

Mr. LEGGE. Some of them could, Senator. I do not say that they all could. Some of them are responsible and in a sound position, but some of them are bordering on complete bankruptcy, such as the two that you just referred to. Some are in a perfectly sound condition and some are bordering on bankruptcy, and they are in every condition in between.

Senator McKELLAR. Now, you were not able to take over the Mississippi Farm Bureau until it had been rehabilitated and the name changed?

Mr. LEGGE. That case was so apparent when the first audit was made—I think Ernst & Ernst audited that one for us, and also the one at Memphis. Now, in the one at Memphis we developed subsequently some liabilities that had not shown up in the first audit.

Senator McKELLAR. You have already said that the Arizona cooperatives were in bad shape and sold out to Anderson-Clayton.

Mr. LEGGE. They were dealing with Anderson-Clayton.

Senator McKELLAR. Is it a fact that the Georgia cooperatives were insolvent and heavily in debt when you took them over, or when you came to their rescue?

Mr. LEGGE. I think not. There was some quarrel among themselves down there, and an auditor is on the job now investigating that; but we have not been able to find that the Georgia was ever insolvent so far as any records we have at the present time are concerned.

Senator McKELLAR. Then you did not pay up other State cooperatives' losses and still hold obligations against the Georgia cooperative for about \$435,000? Do you know whether that is true?

Mr. LEGGE. I can not answer that. We made them a loan equivalent to \$1.50 a bale on what they handled last year, repayable in three years, on the basis of the same delivery, to be 50 cents a bale. They are to retire that note at so much each year for three years, but what the amount is I can not tell you from memory.

Senator McKELLAR. Do you know whether this insolvency applies also to Texas?

Mr. LEGGE. No. The Texas cooperatives are not insolvent, according to the records.

Senator McKELLAR. Well, they are now on a good basis?

Mr. LEGGE. Very good basis, and growing very rapidly.

Senator McKELLAR. Well, do you consider them a first-class concern, financial concern?

Mr. LEGGE. I do not think that we are going to lose any money on the Texas cooperatives.

Senator McKELLAR. What about South Carolina?

Mr. LEGGE. South Carolina has had to be thoroughly reorganized. The management was not good. That has been done, and I think they are to-day in a reasonably sound condition.

Senator McKELLAR. Well, in both North Carolina and in Texas you found it necessary to establish really a new cooperative association in each place, did you not?

Mr. LEGGE. In North Carolina?

Senator McKELLAR. No; South Carolina and Texas.

Mr. LEGGE. No; it is simply a reorganization; new officers; same organization as South Carolina.

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They took a man who had been employed here for years in the Bureau of Cooperative Marketing, Mr. Hathcock, a very capable man, and elected him manager of that South Carolina organization, and it is doing very nicely at the present time.

Senator McKELLAR. In making plans for reorganization, Mr. Legge, do you follow the advice of the officers of the old association?

Mr. LEGGE. Of the officers?

Senator McKELLAR. Of the old association.

Mr. LEGGE. No; they have to reorganize themselves, except we are able to exert a measurable degree of control, Senator, through these loans. We exert that and insist that they be reorganized and good management put in, and see to that, before they can have the money. That, of course, is the club we have to bring about reorganization.

Senator McKELLAR. Are all of these old officers still in the new organizations employed by the new organizations?

Mr. LEGGE. The old officers?

Senator McKELLAR. Yes.

Mr. LEGGE. No; not all. There are some that are the same.

Senator McKELLAR. Most of them?

Mr. LEGGE. I would not like to answer that without checking it up. There is a change going on gradually, all over, all of the time.

Senator McKELLAR. The other day, when you were before the committee, Mr. Legge, you stated that the cooperatives under your board hedged on cotton, bought futures and hedged. Are you not mistaken about the operation which they do? Is it not a fact, instead of hedging on sales, as they commonly do in the cotton business, that whenever you sell cotton, you buy futures at the same time?

Mr. LEGGE. They have done that both ways, Senator. In other words, they keep the cotton moving through their regular lines of customers as they can find an outlet for it, but replace with a futures contract, carry their position intact, the same as if they had not sold any cotton.

Senator McKELLAR. If you sell 100 bales of cotton to a mill in North Carolina, say, to-day, and then buy a similar number of bales of futures?

Mr. LEGGE. Yes, sir.

Senator McKELLAR. Why, the two transactions are wholly separate and distinct. That is not hedging at all. The hedging proposition is when you sell 100 bales for future delivery and then buy a similar number of futures.

Mr. LEGGE. The operation of those cooperatives is a little complicated, Senator. Here is the way that came about originally: Most of the cotton in 1929, I think I am correct in saying, at least in the past, most of it was taken in on what they called an optional pool. The farmer could name his sale day, any day that he called for it. They advanced him the money on it. In the meantime it had already gone to the mill, as they had the power to sell it, and they would do that with anybody's cotton, and whenever they did that they would purchase this contract to replace that number of bales, so that when the farmer came in and said, "I want to sell my cotton," they call it calling; call is a term used in the trade. "I want to call my cotton," they simply sold the hedge that day, because that is the day they settled with him, on the market of that day.

In order to maintain their position, so that they could do that without any speculation, they went into the market and bought an equivalent number of bales of cotton. His cotton had gone to the mill in the meantime.

Senator McKELLAR. When they go into the market and buy futures, then if the futures go up the cooperatives win, and if they go down the cooperative loses?

Mr. LEGGE. Yes; on this optional pool. Of course, the farmer took the hazard, up or down. He got the price on the day he called his cotton, regardless of whether it was up or down.

Senator McKELLAR. Mr. Legge, do you think that it is right for an agency of the Government like this to go on the futures market and buy cotton so that the farmer may get the benefit of it if it goes up and let the Government stand the loss if the cotton goes down?

Mr. LEGGE. They are not in any sense an agency of the Government, except to the extent that they are indebted to the Farm Board, or this revolving fund.

Senator McKELLAR. That is not a sound position.

Mr. LEGGE. We have not bought a share in any cooperative, nor do we control them in any way.

Senator McKELLAR. Yes; but the cooperatives could not possibly engage in speculating in cotton in this way, unless the Government furnished them the money.

Mr. LEGGE. Why, that was their theory, to avoid speculation in that pool, in the transaction that I just referred to, because they do not know when the farmer will call his cotton.

You spoke of Oklahoma. That is partly their embarrassment there. Some of the farmers who have turned their cotton in as long ago as two years ago, or nearly two years ago, on this optional pool, have not yet called the cotton.

The price at that time was away up, 18 or 19 cents, and now it is down to 12, and still that farmer, under his contract, has a right to elect what day he is going to call on them for the money for that cotton.

Senator McKELLAR. But that is only a small portion of the money used by the cooperatives and not for speculation. Would you mind giving me the percentage?

Mr. LEGGE. I can not give you that.

Senator McKELLAR. It was very small, as compared with the others?

Mr. LEGGE. In 1920 it was practically all handled that way. In this past year's crops, that is not true. They have carried what they call their position, the same as if they had not sold the cotton.

Senator McKELLAR. Yes.

Mr. LEGGE. They let a bale of cotton go to the mill and buy a contract for that bale of cotton, so that the farmer is holding on just the same as if it had not gone to the mill.

Senator McKELLAR. In other words, the Government is lending money to these cooperatives to buy cotton on the futures market, and if the cotton goes up, why, he will get the advantage of it, and if it goes down, the Government really has to lose the money; is that not the fact?

Mr. LEGGE. Well, of course, if the cooperative becomes insolvent and does not pay out, we will have to lose. It is only in case of insolvency that the Government would lose any money on it.

Senator McKELLAR. Whereas, as a matter of fact, if the Government financial aid was taken away from these cooperatives, any of them, to-day, is it not a fact that they could not operate very long?

Mr. LEGGE. Oh, I do not think that is true. They did operate, you know, for some seven or eight years before there was anything of this sort.

Senator McKELLAR. And when they did operate, every one of them was in bad financial condition; is that not so?

Mr. LEGGE. Not every one of them.

Senator McKELLAR. Now, would you mind naming one that was not?

Mr. LEGGE. Well, the nearest one to you is at Greenwood, Miss., which has operated for 10 years.

Senator McKELLAR. That is long-staple cotton?

Mr. LEGGE. Yes.

Senator McKELLAR. But it never has been in the system, has it?

Mr. LEGGE. Yes; we are loaning them money just the same as all the rest of them; we are loaning them money right now.

Senator McKELLAR. Long Staple Association?

Mr. LEGGE. Yes.

Senator McKELLAR. I did not know that that was in your system, but that is the only one that is?

Mr. LEGGE. Their cotton is not pooled under the same conditions, Senator, because it is a different grade of cotton, and it is sold on a different basis, so that they operate separately, but we have treated them just the same as any other cotton cooperative.

Senator JONES. Now, the Senator seems to assume that that is the only one that is not insolvent.

Senator McKELLAR. Are there any of the others that are not?

Mr. LEGGE. Yes.

Senator McKELLAR. Which ones of the others are not insolvent?

Mr. LEGGE. North Carolina is perfectly solvent; Georgia, I believe, is perfectly solvent.

Senator McKELLAR. That is two out of nine.

Mr. LEGGE. Well, Texas is perfectly solvent.

Senator McKELLAR. That is three out of the nine.

Mr. LEGGE. Now, there is a little California one that does not amount to much that is solvent. That is only a small operation.

Senator McKELLAR. Well, that is not one of the nine?

Mr. LEGGE. No.

Senator McKELLAR. That is not counted in your nine cooperative associations, is it?

Mr. LEGGE. California?

Senator McKELLAR. Yes.

Mr. LEGGE. Yes. There are 11 of them, I think, outside of the staple, outside of the long-staple cotton; there are 12 altogether.

Senator JONES. I gather that a majority of the organizations are fairly sound.

Mr. LEGGE. Yes.

Senator McKELLAR. Now, wait just a minute. He has named only 4, and there are 11 or 12.

Mr. LEGGE. Alabama could finance themselves without Government aid.

Senator McKELLAR. Without Government aid?

Mr. LEGGE. Yes.

Senator McKELLAR. Well, then, if these associations can finance themselves without aid, why is it necessary to use these additional funds, this \$150,000,000 appropriated in December, and now approximately \$100,000,000, for the future?

Mr. LEGGE. That is our interpretation of the agricultural marketing act; what we believe that we should do to help them. And they get the money at a lower rate of interest.

Senator McKELLAR. And you are helping them whether they need it or not?

Mr. LEGGE. How is that?

Senator McKELLAR. You are helping them whether they need it or not?

Mr. LEGGE. Well, they need it from some source.

Now, I think we have helped some of them, Senator, where they could, in extremity, have gone and gotten the money by paying a higher price for it on the outside. We did not set a limit of entire insolvency, because our construction of the law was to mean that we were to be of service where we could, and we have tried to treat them all on absolutely the same basis.

Senator McKELLAR. Now, let me ask you if you knew, when you loaned this money to these cooperatives, that they were engaged in speculation on the market in the way that you have mentioned?

Mr. LEGGE. Their operations on the market—no; we did not know of any speculation. There was some speculation on the part of some of them, but it was covered up; and even the audits for chartered accountants did not show on the first report, as is true at Memphis, you just spoke of. That was developed later, that there was some speculation there.

Senator McKELLAR. Mr. Legge, is it not true that you stated to this committee in December that you knew that these gentlemen had obtained membership in the futures exchange in New York?

Mr. LEGGE. I don't recall that I said so.

Senator McKELLAR. They all had?

Mr. LEGGE. No; they did not all have membership.

Senator McKELLAR. As a matter of fact, without the knowledge of the board, these cooperatives did have a membership in the New York Cotton Exchange and did do speculating in cotton; is that not true?

Mr. LEGGE. We do not know of any speculating, Senator.

Senator McKELLAR. Well, what do you call it, buying futures on the cotton exchange; what kind of an act is it?

Mr. LEGGE. Well, they buy those futures only. The cotton has not been sold on the exchange, but the cotton has been sold to the mills. The cotton has passed out of their possession and they simply replace that bale of cotton with a futures contract, leaving them just in the same position as if they had not shipped at all.

Senator McKELLAR. You hedge, when you buy cotton—you sell futures against it, do you not? Is not that the way that you protect your contract?

Mr. LEGGE. It works both ways and the hedging proposition works both ways, I think. It is true of grain as well as cotton.

Senator McKELLAR. Well, there were three cotton men testified here on Wednesday. They were expert cotton men, said that they had been in the business all of their lives, and they testified that hedging was where they sold cotton for future delivery to a mill, to be delivered to a mill at a certain time, and then had bought cotton futures against it in order to maintain the price as it was, so that there would be no loss and no speculation; but they all testified that what your associations were doing was when they bought cotton, they bought futures at the same time against it, bought futures at the same time, with the result that if cotton went up, why, they won, and if it went down, they lost on the futures.

Senator SMOOT. Well, Senator, you take the plan of operating a cotton mill, they have got to do that or else—

Senator McKELLAR. Senator Smoot, you do not understand me. They have gone and sold the cotton, against it, when they buy the cotton for future delivery. They call it hedging. I have been in the business all of my life. I know what it is.

Senator SMOOT. I have bought it, because I had to buy my wool and I had to buy my cotton, when I sold goods that would be made six months hence. You can not take any chances as to what the prices will be at that time, so I always bought futures that way.

Mr. LEGGE. Pardon me, Senator. I think that your questions have not exactly expressed what you meant to say; they bought cotton and at the same time bought hedges; that is not correct.

Senator McKELLAR. No; no.

Mr. LEGGE. When they shipped the cotton.

Senator McKELLAR. When the buyer makes a contract to deliver cotton at a future time, at the same time, he sells a futures contract in order to maintain that price.

Mr. LEGGE. That is correct.

Senator McKELLAR. Now, what your cooperatives are doing, instead of selling futures, they buy futures, and that just means that they are speculating on the same amount of cotton that they had formerly on hand?

Mr. LEGGE. No. What they tried to do years ago, in this operation, Senator, when the price was unsatisfactory and the man did not want to sell his cotton, but wanted to hold it in storage, then they lost their mill contract, by doing that. When the mill wants cotton, it wants it to-day. It does not want it later, does not want to say, "We will take it next week or next month," so they hedge. They sell that cotton to-day, and, say, that you want 100 bales of cotton. They say, "We will ship the cotton, but we want to hold our cotton at that price," and they buy a futures contract for that same 100 bales.

Senator McKELLAR. Yes.

Mr. LEGGE. That is done only as they ship the cotton and it is done to keep it from passing out of their hands.

Senator McKELLAR. I understand that. Then, if those futures go up, of course the farmers make the difference; if they go down, if the farmer is insolvent, why, then, the Government loses the amount?

Mr. LEGGE. If we loan money to them, and they are not able to make good on it, obviously, but we have not done that in 1930.

Senator McKELLAR. But that was the case in 1929, was it not?

Mr. LEGGE. The loans were on too high a basis in 1929.

Senator McKELLAR. And—

Senator SMOOT. You did not expect that it would go down as much as it did?

Mr. LEGGE. No, sir.

Senator McKELLAR. Of course, that is the way all speculators feel about it.

Senator SMOOT. You would not have loaned as much—

Senator McKELLAR. Will you wait a minute? I am trying to get through with Mr. Legge. Just a minute. I want to get through with him as soon as possible, then I will be glad for you to examine him.

Is it not a fact that in certain instances speculators, not farmers, have taken advantage of Government loan or buy-in price of cotton when this price was above the actual value of cotton to join cooperatives and speculate at Government expense?

Mr. LEGGE. We have had a few instances where people have sought to do that. So far as I know, they have all been made to take back the cotton they turned in. That is what we are doing, when they get in. It may be that they have slipped through a few bales, but that is watched as zealously as we know how, and we are endeavoring to keep them from doing that. We have

known of a few people who did do that and they have had to take back their cotton.

Senator McKELLAR. Is it a fact that you and the State cooperatives have used general State funds and facilities to finance a campaign for new members for farm cooperatives?

Mr. LEGGE. Done what?

Senator McKELLAR. To gain new members for the farm cooperatives, have you used the general State funds and facilities; that is, cooperatives' funds?

Mr. LEGGE. No; they have not been. There is a provision in the agricultural marketing act which provides for aid in organizing associations. We have used but very little money under that, because we did not think it was a wise thing to do, and we rather insist that they use their own funds for their organization—organization work. There have been just small loans made from that fund in extreme cases.

Senator McKELLAR. Now, is it a fact, in order to take advantage of the Government advance of 16 cents a pound, farmers were forced to enter into contracts pledging their crops to the cooperatives for as much as three and four years ahead?

Mr. LEGGE. Not to my knowledge.

Senator McKELLAR. Not to your knowledge?

Mr. LEGGE. No, sir.

Senator McKELLAR. When the Farm Board took over and rehabilitated these defunct and insolvent cooperatives, on what basis did it settle with the different State cooperatives; how did you settle with the State cooperatives?

Mr. LEGGE. Why, the stabilization operation in cotton took over the cotton on this 16-cent loan basis. There were some carrying charges, varying in different instances. It was not quite uniform, because of the different times that the crop moves. There is some little variation in it. But that, Senator, is the only settlement that has been made with them, except we did loan to some of those people on the basis of \$1.50 a bale, or less, over a term of years by which they had the privilege of returning that over a period of three years, repayments from their operations.

Senator McKELLAR. Is it a fact, for instance, that certain basic prices were agreed on to suit the needs of Oklahoma which was higher than the price paid the Georgia farmers, freight differentials and other charges notwithstanding?

Mr. LEGGE. No; they do not check out quite uniform, Senator. There is the element of delivery for different points. You see, we have a great group of delivery points. We have Houston, Galveston, and New Orleans, and different places. It was impossible to make that 100 per cent uniform, but that is very close to it.

Senator McKELLAR. When you took over these defunct cooperatives, how much money was loaned on second liens and on unsecured paper?

Mr. LEGGE. On what?

Senator McKELLAR. Unsecured paper; was any money loaned to them on unsecured paper?

Mr. LEGGE. On second paper.

Senator McKELLAR. On second liens, on unsecured paper?

Mr. LEGGE. On second; most of this is commodity loans. We can not finance the entire cotton crop. Most of it is supplemental loans, as provided for within the act, keeping within certain limits of margin, based on the market of cotton at the time of making the loan.

Now, the only unsecured loans are these \$1.50-a-bale loans, which are to be repaid over a period of three years. This year they are going to be able, without difficulty, to repay those. They have had the cotton, it has come in in sufficient quantity—in fact, in very much greater quantity than ever before. The only likelihood of any default would be where a cotton cooperative liquidates, and we do not anticipate any trouble there at all. In that case those loans might be a loss.

Senator McKELLAR. How much money was involved in that?

Mr. LEGGE. Well, it was—

Senator McKELLAR. I do not mean for you to be absolutely accurate; about how much?

Mr. LEGGE. The amount of the loan was uniform to all of them that got any loans. Some of them did not take any. You take that little Mississippi cooperative at Jackson, they did not need any loan. They were paid out without any aid. But most of them needed something. But the majority of them were loaned \$1.50 a bale on their actual handling of last previous year's crop.

Now, in case a cooperative handled 100,000 bales of cotton, it would be \$150,000.

Senator McKELLAR. They handled in all about two to three million bales of cotton?

Mr. LEGGE. Last year they handled 1,300,000 bales. There is some part of that is not so, because they did not all take it, but the most of them did take it.

Senator McKELLAR. Well, let me ask you to cite a concrete case. In your loan to the Oklahoma cooperative, do you recall whether you loaned them about \$17,000,000?

Mr. LEGGE. No. I do not know how much that was, Senator. Most of their finances had been arranged for before we started operations in the fall of 1929 through a syndicate of New York banks. They did not take any money from us until quite late, probably along through January. Their loans were taken through this syndicate of New York banks they had made a contract with to finance them.

Senator McKELLAR. Well, it has been claimed—

Senator JONES. I suggest that the witness be allowed to conclude his answer.

Senator McKELLAR. Oh, surely; go ahead.

Mr. LEGGE. So, they have had this year—I do not know—there might be some such figure involved in the 1930 crop. The 1930

crop, we handled the money through the central organization, the American Cotton Cooperative Association, in New Orleans. That body became responsible for it. If one of those cooperatives goes in default, somewhere around the country, if they are members, the others are liable to us. The American Cotton Cooperative Association, central organization, is liable to the Government for the total amount of money, and they supervise the amount that is advanced. They make those loans to the members themselves. I can not give you the figures for Oklahoma. We can get that for you.

Senator McKELLAR. I will be obliged if you will.

The statement was made that the board loaned the Oklahoma cooperative \$17,000,000 on cotton, valued at \$12,000,000 at the time loaned, and I was just wondering if that is correct, whether it is wholly or partially correct, or to what extent it is correct.

Mr. LEGGE. I do not think that our total loans to Oklahoma in 1929 ever aggregated half that amount. I will have that checked.

Senator McKELLAR. Would you mind getting the figures and putting them in the record?

Mr. CHRISTENSEN. I have that here. From the very beginning of the board's operation and up until January 7, 1931, the total advances to Oklahoma Cotton Growers' Association was \$5,498,015.

Senator McKELLAR. \$5,498,015?

Mr. CHRISTENSEN. Yes, sir; \$5,498,015.

Senator McKELLAR. And what is the total amount?

Mr. CHRISTENSEN. Repayments have been made to the extent of \$4,959,423.72.

Mr. LEGGE. The balance is that \$1.50 loaned, which balances the account for last year.

Senator McKELLAR. Well, what is that difference?

Mr. LEGGE. Well, it is less than half of that amount. That represents the cost at the beginning.

Senator McKELLAR. When you loan cooperatives large amounts, which they in turn are to pass on to the farmer in the form of loans on cotton, and the market declines, is not the Farm Board in effect automatically the owner of the cotton thus loaned against?

Mr. LEGGE. Not automatically the owner of the cotton. They may be the owner of a note that is not fully paid, Senator, but so far as the cotton is concerned, they are not automatically the owner of the cotton.

Senator McKELLAR. If cotton goes down, that is all that the Government has, is it not?

Mr. LEGGE. That association is collectively responsible for it, together with whatever expenses that have been caused.

Senator McKELLAR. If the association itself is good.

Mr. LEGGE. Yes, sir; it is responsible.

Senator McKELLAR. Yes. Is it not a fact that you loaned farmers money on cotton, guaranteeing them against declines, and offering to give them any advance in price which may occur—now, I mean, do your cooperatives do that? Let me restate it. I am afraid that you did not hear it. Do your cooperatives loan farmers money on cotton, guaranteeing them against declines, and offering to give them any advanced price which may occur?

Mr. LEGGE. I think not. I know of no such transaction, Senator.

Senator McKELLAR. Would you mind looking into it, Mr. Legge, because I understand that that is what is done. I know it is not done with your approval.

Mr. LEGGE. No; it is not done generally. There may be isolated occasions where that has been done. I will be very glad to look into it.

Senator McKELLAR. I think that it would be well to look into it.

Mr. LEGGE. If they are doing that, we would like to know it, of course.

Senator McKELLAR. Could you tell me, is a farmer member free of loss, or can the Government move to protect itself, by attachment or suit, in case loans are advanced and the price declines below the price at which the advance was made? You could not bring a suit against the farmer to recover this money, with your contract with him, could you?

Mr. LEGGE. Our suit would only be against the cooperation itself, because we do not loan individual farmers.

Senator McKELLAR. You only loan to cooperatives?

Mr. LEGGE. Cooperatives.

Senator SMOOT. Is there anybody in your organization who has the power to lend under such an arrangement, or power to meet a situation as just recited a moment ago by the Senator, guaranteeing that there should be no losses?

Mr. LEGGE. Oh, no.

Senator SMOOT. I was wondering whether there was anyone in the organization that had that power.

Mr. LEGGE. Oh, no; absolutely not.

Senator McKELLAR. Mr. Legge, is it not a fact that a number of suits were pending in Oklahoma and in Georgia and elsewhere at the time that the Farm Board took over the cooperatives against these cooperatives?

Mr. LEGGE. I know of no suits pending at the time, Senator. Subsequently, there was a suit filed against the Oklahoma cooperative, which is still pending in the courts. There is one pending against the cooperative in Texas over some old controversy dating back four or five years ago. I know that, because when we get their balance sheets as to contingent liabilities there shows up a contingent liability there in connection with an old lawsuit. I do not know of any other.

Senator McKELLAR. Does the Farm Board ever protect itself in connection with these suits?

Mr. LEGGE. What is that?

Senator McKELLAR. Does the Farm Board ever protect itself in these suits?

Mr. LEGGE. No, sir.

Senator McKELLAR. You never have employed any attorney to look after your interests in these suits?

Mr. LEGGE. Well, no; I think not, except our own counsel, local counsel, has looked into the transactions from here.

We have employed local attorneys in a few places in checking up abstracts and matters in connection with these loans to get certain action taken, to clear title and things of that kind.

Senator McKELLAR. Where suits are brought by former farmer members to recover money and cotton owed them; in the case of those suits?

Mr. LEGGE. I did not get that.

Senator McKELLAR. By former owners.

Mr. LEGGE. I do not know of any such cases, Senator.

Senator McKELLAR. By whom suits have been brought?

Mr. LEGGE. There was a suit brought in Oklahoma applying for a receivership for the Oklahoma cooperative, charging irregularities against the management, and that is about all I know of it. It is still pending in the courts.

Senator McKELLAR. Of the authorized capitalization of \$30,000,000 for the American Cotton Cooperative Association, how much of the capital has been paid in; how much of that capital has been paid in?

Mr. LEGGE. Is that \$30,000,000 authorization?

Senator McKELLAR. What is the fact; has it all been paid in?

Mr. LEGGE. No, sir.

Senator McKELLAR. How much has been paid in?

Mr. LEGGE. They subscribe for the issue of this capital stock, for capital stock, based on the amount of cotton they were handling, and they paid in one-tenth, I think, of their subscription. It is to be paid in five years, one-fifth each year for a period of five years. That is the basis on which they are buying it. It would not, however, equal that, as the amount of the authorized capital stock is based on the amount of cotton handled.

Senator McKELLAR. How much; what part of it? Has the first installment of \$2,000,000 been paid in, assuming that it was a \$10,000,000 corporation?

Mr. LEGGE. The first installment has been paid in, but it is less than \$2,000,000, Senator, because they did not take all of that capital stock. Thirty million dollars is the authorized capital stock, but they did not subscribe for that much.

Senator McKELLAR. I know; but if it were a cooperative association of \$10,000,000, and that capital was paid in, it would make the Government fairly well secured, would it not?

Mr. LEGGE. It would be very much better than we are situated at the present time. I wish it were all paid in.

Senator McKELLAR. Could you get the exact figures of the amount paid in up to date?

Mr. LEGGE. Yes; total subscription has been \$769,500, of which \$76,950 has been paid in. The second payments on this subscription will soon be due.

I would like to supplement that answer to this extent—

Senator McKELLAR. Surely; anything you wish, you may say.

Mr. LEGGE. All earnings of that central organization are applied to the payment of that stock, Senator, and will be until it is completely paid for, and their earnings are considerable.

Senator McKELLAR. Have you any idea what their earnings have been?

Mr. LEGGE. They have been considerable this year. There will be a considerable increase in paid-in capital stock this year for 1930. I can not give you the exact amount.

Senator McKELLAR. But you will get the exact amount and furnish it for the record?

Mr. LEGGE. Of course, their earnings are considerable. I can not possibly give it to you accurately, as I said, but their earnings will be considerable through the American Cotton Cooperative Association.

Senator McKELLAR. I wish that you would segregate that amount, and put it in the record for me, if you will.

Mr. LEGGE. Yes; that has been paid in.

Senator McKELLAR. I wish that you would put that in, showing to what extent the earnings have been segregated and placed to that account.

Has the Government bought any of this capital stock?

Mr. LEGGE. No, sir; not any of it.

Senator McKELLAR. In making loans, or advances, or in subscribing capital, does the Farm Board exercise a complete control in the protection of these loans?

Mr. LEGGE. We do not subscribe to capital stock. There is no subscription to capital of any cooperative on the part of the Farm Board.

On the question of loans, we make them so that we get the best protection that we can get; the best protection it is possible for us to get. I think in most cases it is adequate. There may be some, probably will be some that will not be.

Senator McKELLAR. How many farmers are members of these cooperative associations?

Mr. LEGGE. Have you those figures, Mr. Christensen?

Mr. CHRISTENSEN. I have not got anything up to date on that. It is probably near 200,000. That has been constantly increasing.

Senator McKELLAR. Well, the figures that were given to me were that there were 160,000, and those have increased?

Mr. LEGGE. That might have been correct at some time in the past, but it is not up to date. It is near 200,000 members that have delivered to the cooperatives at the present time.

Senator McKELLAR. And how many cotton farmers are there in the country?

Mr. LEGGE. I think that the total growers would be nearly ten times as many—2,000,000 at least.

Senator McKELLAR. Somewhere between two and two and one-half million?

Mr. LEGGE. Two and two and one-half million.

Senator McKELLAR. In other words, these cooperatives, backed by the Government, are handling about one-tenth of the production?

Mr. LEGGE. They may have handled more than that.

Senator McKELLAR. Fifteen per cent of the cotton?

Mr. LEGGE. They have handled something over 2,000,000 of the 14,000,000.

Senator McKELLAR. Over 15 per cent?

Mr. LEGGE. They have handled something over 2,000,000 of the 14,000,000-bale crops during this last year, the 1930 crop.

Senator McKELLAR. I believe I have already asked you about the actual losses on the stabilization cotton, what is known as the 1,300,000 bales of stabilization cotton. Have you sold any of this stock since it was theoretically locked up?

Mr. LEGGE. We have not reduced it any. There have been a few sales made from it of some special grades or kinds of cotton; but it has been replaced by other cotton. The amount is intact.

Senator McKELLAR. You have followed the system of replacing or replenishment?

Mr. LEGGE. Yes; especially when we can better our condition, as this is sold; if we have some that is stored in a place where it is expensive to handle, we exchange that for some in some place where it is less expensive. We try to make the exchange.

Senator McKELLAR. How are the cooperatives of the American Cotton Exchange now financed, as to their overhead and operating expenses?

Mr. LEGGE. Pardon me; I do not believe I got that question.

Senator McKELLAR. How are these associations, so far as overhead and salaries, and things of that sort, all of their overhead; how are they financed?

Mr. LEGGE. Their overhead expense is all paid out of their operating expenses, and they provide for a handling charge on all cotton, and the handling charges covers all of this overhead expense.

Senator McKELLAR. That is the way they get their money?

Mr. LEGGE. Yes.

Senator McKELLAR. What is the date of their last financial statement to you?

Mr. LEGGE. That varies, Senator. I think we have statements from all of them up to the close of what they call their cotton year, up to July 31; and then their auditing is constantly going on. We are trying to reach a condition where there will be a continuous audit of all of their affairs. That has not yet been attained, but quite a number have been audited since then.

Senator McKELLAR. Well, would you be good enough to give me complete, have complete statements inserted in the record of their last financial statement?

Mr. LEGGE. These audits have not as yet been completed.

Senator McKELLAR. Well, these statements cover the operation of several associations, the cooperative associations, since the board took them over, do they?

Mr. LEGGE. Pardon me, Senator. The board has never taken them over. We have simply become their financial backers. We are not operating them.

Senator McKELLAR. Well, that is what I mean.

Mr. LEGGE. Of course, we are not operating them.

Senator McKELLAR. Mr. Legge, without the financial backing of the Government they would have difficulty in getting along, as they did before?

Mr. LEGGE. Many of them would; there is no question about that.

Senator McKELLAR. As a matter of fact, what was happening was this: That these 11 cooperative associations, with the financial backing of the Government, have become one of the greatest cotton dealers of the country; isn't that so?

Mr. LEGGE. That is true.

Senator McKELLAR. That is a succinct and concrete statement that is absolutely true, is it not?

Mr. LEGGE. It is grower owned and controlled, as provided for in the law under which we are operating.

Senator McKELLAR. And it handles about 15 per cent, I believe, of the crop?

Mr. LEGGE. I think the handling will be about between 2,200,000 and 2,500,000 bales of this crop out of a total of 14,000,000; 14,400,000, or whatever it is.

Senator McKELLAR. Now, do these statements which you have, in which you say you will make an exhibit, do they show that the State cooperatives and the American Cotton Cooperative Association now have satisfactory assets without reference to the losses on the cotton they have taken over?

Mr. LEGGE. How is that; pardon me again?

Senator McKELLAR. I will read it again: Do these statements show that the State cooperatives and the American Cotton Cooperative Association have now satisfactory assets without reference to the losses on cotton that they have taken over?

Mr. LEGGE. The American Cotton Cooperative Association central organization; yes. So far as the State organizations are concerned, they vary. Some of them have and others have not. Others are far from satisfactory, so far as any financial statement they can make.

Senator McKELLAR. Now, was it generally or not generally the fact that the prices paid by the American Cotton Cooperative Association and the State cooperatives in taking in cotton this past fall greater than the market price was for such cotton in many instances?

Mr. LEGGE. No; it is not; it was not supposed to be in any instance.

Senator McKELLAR. Were they, as a matter of fact?

Mr. LEGGE. I think, perhaps, there may have been instances. For instance, in northern Alabama, when the cotton finally reached the terminal and was finally graded and classed, the quality was below what was estimated, and I think, perhaps, some overadvances were made on some of that cotton, but, generally speaking, that statement is not true; they have not advanced more than the market for all cotton.

Senator McKELLAR. Have you any idea how much the American Cotton Cooperative Association and State cooperatives have lost because of unfair and unsound advances on cotton during the past year?

Mr. LEGGE. Overadvances?

Senator McKELLAR. Improper advances on cotton.

Mr. LEGGE. They think they have not lost anything. Now, of course, time will tell that, but they believe that they will come out in black ink on all those operations.

Senator McKELLAR. Has the Farm Board checked up on cotton the American Cotton Cooperative Association and State cooperatives have shipped to mills since their organization with the idea of ascertaining the tremendous losses to the farmer reported to be brought about by shipments that were much better than the quality sold in the contract?

Mr. LEGGE. All of that is being audited, Senator. They are certainly striving to get full value on everything they shipped, and I hope they succeed in doing it.

Senator McKELLAR. Is it a fact, Mr. Legge, that because of loose management in certain instances, cotton has been brought from one cooperative and delivered to another at a good profit to the outsider handling the transaction in many cases?

Mr. LEGGE. I do not know of any such case.

Senator McKELLAR. Would you mind my making a suggestion that it might be well to look into that, have your auditors look into that particular phase?

Mr. LEGGE. Could you give us a pointer as to a good place to look, Senator?

Senator McKELLAR. I think that is important.

Mr. LEGGE. You probably have in mind some place where you think that is taking place.

Senator McKELLAR. Well, I think not very far from my own locality down there.

Mr. LEGGE. All right; we will be glad to look into it.

Senator McKELLAR. Could you give any idea as to the loss that occurs between the interior, where the cotton is taken up, and the final place of concentration point of the various State cooperatives?

Mr. LEGGE. I could not.

Senator McKELLAR. Could you say whether it is a fact that this item amounts to as much as \$4 a bale in Texas?

Mr. LEGGE. I have not heard of anything of the kind in Texas.

They have got cotton in some places, for instance, in northern Alabama, where the drought not only shortened the staple, as they call it, but also seemed to weaken the texture, and it was graded down very badly. If there was anything of the kind in Texas, I have not heard of it. That may have happened in some spots in Texas.

Senator McKELLAR. If these cooperatives advance the farmer 10 cents a pound and then sell the cotton at 9 cents, does the farmer pay the entire loss under your system?

Mr. LEGGE. The association will pay the entire loss, if it remains solvent. It is liable to us for the full amount that we have loaned them.

Senator McKELLAR. Now, I want to ask you about the overhead. Have you any idea what this amounts to a bale, the cost of handling cotton?

Mr. LEGGE. No. I know it has been greatly reduced from what it used to be for these costs; but I can not give you any idea as to just what it comes to.

Senator McKELLAR. Their contract provides for \$2.50 a bale, plus this 1 per cent for the old debts, does it not?

Mr. LEGGE. I think those contracts vary a good deal, Senator, those that I have seen. There is no uniformity. They are not alike.

Senator McKELLAR. Mr. Legge, would you be good enough to get the exact information for the record and put it in the records as to how much it is?

Mr. LEGGE. That is going to take some time if we can get it. I think we can get it in the course of time, but we would have to go clear back to the State cooperative to get that analysis as to the facts of what it is.

Senator McKELLAR. You do not have any data on which you can give it now?

Mr. LEGGE. No; we could not do that, Senator, but we will have to go back to the American Cotton Cooperative Association, and they, in turn, will have to trace it clear back down. They are the old, what are known as the State cooperatives. They might be able to give it in some cases, in some particular States, but would not be able to give it as a whole.

Senator McKELLAR. Would you give us whatever you have on it, or can get?

Mr. LEGGE. I will be glad to give you whatever we have.

Senator McKELLAR. And, if you can not do that in time for the record, if you will just have your secretary write me what it is, I will be greatly obliged to you.

Mr. LEGGE. Yes, sir.

Senator McKELLAR. Mr. Legge, do you not believe that with the \$400,000,000 revolving fund that you have that these cooperatives could continue their work without having to have the Government put up another \$100,000,000?

Mr. LEGGE. I hope that may prove to be true. The circumstances under which we are asking this \$100,000,000 to be made

available are such, and I think that we can assure you most earnestly, it will not be used unless it should become necessary; but the fact is that the general depression has shown so little sign of improvement as yet, and these commodities, like these 1,300,000 bales of cotton, and also cotton we have loaned money on, can only move as there is some outlet, some normal demand. You are familiar with that. It is improving a little. Stuff is moving a little bit. But just to fix a date on which we could hope to recover and have that money paid back to us is a difficult thing at the present time.

Senator McKELLAR. Well, Mr. Legge—

Senator JONES. I suppose also the fact that Congress may not be in session from the 4th of March to December would have something to do with it.

Mr. LEGGE. Well, that is a possibility.

Senator McKELLAR. In other words, this act does not make the \$100,000,000 immediately available, unless the words "which amount shall become a part of the revolving fund" accomplish that purpose. Now, is it your idea that that makes it immediately available?

Mr. LEGGE. This request here is not for immediate use but is for use for the fiscal year commencing July 1, assuming that this present fund remains tied up in a frozen condition, as the country banks describe it, then the board will need additional funds for current operations.

Senator McKELLAR. You have got enough to carry you to July 1?

Mr. LEGGE. Oh, there is no question about that, about there being any need for more than we have between now and the 1st of July, unless they spring on us some new calamity that we can not foresee.

Senator McKELLAR. Now, let me ask you this, in reference to the so-called stabilization cotton, the 1,300,000 bales: When you were before the committee in December you stated you did not intend to sell that before August.

Have you given any thought to the idea that it would be better to announce that you are not going to sell that cotton at any time until a certain price should be reached that would protect the Government?

Mr. LEGGE. Our expert advisers, those we contact with in cotton, advise against a definite price. However, unless there is a marked improvement in conditions, why, it goes without saying that cotton can not be sold when August comes. Under that situation in cotton, why, we would have to carry it, because it would be an utter demoralization of the market to put any such quantity of cotton as that on the market, on a market like we have at present.

Senator McKELLAR. Now, Mr. Legge, is it not absolutely true, that as long as that is held with this indefinite understanding, that you are not going to do anything now, but might do something in the future, do you not think that that would have on the whole a depressing effect on the world market or the price of cotton? If you were to state, for instance, that this cotton would not be sold before the price reached 12 cents, or 14 cents, or 15 cents, or 16 cents, or the price of the cost of the cotton to you, do you not think that it would be a very much more beneficial statement? That it would have a very much more beneficial effect on the price of cotton than to hold it there with the threat that it might be put on the market at any time the board saw fit?

Mr. LEGGE. Well, the trouble with that is, if we fixed the cost with accumulated carrying charges, the chances, with the costs piling up, of getting full recovery out of that 1,300,000 bales seem quite remote. We would not like to do that. Of course, when you say 12 cents, or 14 cents, objection is made to that by the people in the cotton trade. They say that we are immediately estimating what cotton should be next year, and they all hope for something better than that, Senator, and they do not like to estimate any conservative figure.

Senator McKELLAR. Under the present conditions, would it not be the wise thing to say that the Government did not intend to sell until it got its money out of it?

Mr. LEGGE. That may be the wise thing. I can not answer that.

Senator McKELLAR. I want to urge as earnestly as I know how, and after conferences with some of the best cotton men, some growers, some factors, some buyers, some dealers, and the very best men in our community, which is predominantly a cotton community.

Mr. LEGGE. Yes, sir; it is.

Senator McKELLAR. Men probably some of whom you know, men like Mr. Perry, who is both a producer and a dealer; men like Mr. Butler and Mr. Potter; men like Mr. Reddick, who, while one of our leading lawyers, is a very large cotton producer, one of the largest we have; men like Mr. Lem Banks, who is one of the largest producers of cotton we have.

They believe that a statement from the board that these 1,300,000 bales of cotton that the board has now, and which it has a large loss on now, that if you were to simply announce that this cotton was going to be retained by the Government until you got your money out of it, the price which you paid for it, or your money out of it, in other words, that it would have the effect of taking that menace from the market and very greatly benefit the price to the cotton producers; and all that I can say about it to you is this: That those views meet my views about it. I believe it would have that sort of effect, and I hope you will call your board together some time and consider that specific, identical thing. I believe it would be worth a great deal to the interests of the cotton producers of our southern country.

Mr. LEGGE. Well, we have that problem up. It has been up for consideration and will have further consideration.

Unfortunately, Mr. Williams is laid up in a hospital down at Dallas. I do not know when he will be able to get back. We can

not take it up immediately, but it will be done in a little time, Senator.

Senator McKELLAR. Mr. Legge, if I may offer another suggestion, I want to say that if you would like to have a conference, your board, when Mr. Williams gets well, would like to have these men, or some of them, or any that you suggest that you can hear on the situation of this question, I would be very happy to have these gentlemen come up here and go before your board and see if some arrangement could be made that would be satisfactory all around, that would look to the improvement, a genuine improvement in the price of cotton.

Mr. LEGGE. We would be glad to do that.

In the meantime, Senator, if you would suggest to any of those parties whom you referred to, that Creekmore, the manager of the organization, is up to Memphis rather frequently, they might meet him there and dispose of that proposition, because we have to depend to a considerable extent for counsel and advice upon him, and he is a good cotton man. I think they will all admit that. He is thoroughly experienced in it, and they might develop a program.

Frankly, we admit that we do not know what is the best thing to do. It is a question of doing the best we know how and under the situation before us from time to time.

Senator McKELLAR. Well, I shall be very glad to send them a copy of these hearings and let them see just what you have said.

Mr. LEGGE. On my part, I will be glad to write Mr. Creekmore and tell him on his first trip to Memphis to see whether he can contact with those fellows and get their views on the subject. I will be glad to do that.

Senator McKELLAR. I thank you very much. I think that is a very excellent idea.

I believe, Mr. Chairman, I think that I am through, unless some member of the committee wants to ask some questions.

Senator STREWER. Mr. Chairman, I want to just add an observation in connection with the same general problem. I have had two or three letters very recently, Mr. Chairman, from the Northwest, advising that there has been some statement made that the board did not know whether they were going to continue in the stabilization activities in the Northwest or not. I do not know whether that report is well founded or not. I am not advised at all about it. But it has caused distress in the minds of some of those interested, and they suggest to me, just as Senator McKellar has suggested to you, that note of uncertainty with respect to the stabilization program is damaging; that it takes buyers out of the market, and foreign operators note that statement and they immediately affect themselves in the buyer's attitude toward the commodities.

I would not presume to advise the board, because I think I sense some of the difficulties confronting it, but I think certainly it is worth the board's while to consider, in connection with the whole stabilization program, some program that will carry with it an air of permanency, or at least permanency against this radical downward progression, so that there would be a feeling of assurance in the minds of both the producer and the buyer. I believe it would aid greatly in carrying out the objects of the marketing act.

I will not discuss with you at this time my own efforts to obtain any stabilization in the Northwest on a higher level. That is another question. I hope, however, that the board will work on that. Whatever the level may be, the people are coming quite rapidly to the belief that it ought not to be subject to the public idea that it is a temporary expedient or experiment, and that it may be dropped, or the support may be withdrawn, or the efforts dropped, at any time, without notice.

Mr. LEGGE. Pardon me, Senator. There is no justification for any statement to the effect that it might be dropped at any time without notice.

Now, all statements have been something like this, that we could not make any forecast or prediction as to what we might do with the 1931 crop; it was too early to know what world levels and what our domestic levels are going to be; that we can not permanently maintain domestic prices on wheat, which is being delivered to-day, unless we get the cooperation of the grower, because if we are going to pyramid every year, add more to it, we do not know what we can do. Last year we got over 60,000,000 or 65,000,000 bushels of the 1929 crop. It will be at least twice that next year, next July, according to any estimate that we can now make, and it might be three times that amount. We can not go on and maintain artificial prices above those levels if we produce greatly in excess of the country's consumption. It is just impossible; but we were in a position to carry the program through the 1930 crop.

We have made that statement repeatedly, and they are making it awfully hard for us to do it. These dealers have circularized every wheat farmer, however, in the wheat country, urging them to clean up their bins and get it all in, and they are crowding it into the terminals, in the hope of a congestion at Minneapolis and Chicago, and these other places, to a point where we can not take any more, to make it back up on us; and so much so, that the mills have become apprehensive back in the interior, and have come to appreciate the fact in the interior that the wheat is going out to an extent that they will have to ship it back from the terminals before the new crop comes in to furnish them additional supplies.

So the operation is just being made as difficult for us as certain people are able to make it. There is not any question about that, and it is being made pretty hard right now, on account of the importations, not of wheat, but of milled feeds and corn and all kinds of stuff coming in from all over the world in large quantities. True, it is not very big when compared with our crop, but it is big enough to make a real dent in the present situation.

Utter demoralization exists on the outside. A man by the name of Ulman, one of the grain men in Chicago, published a statement a couple of weeks ago that Liverpool grain prices at present are at the lowest they have been for 350 years. The statement seemed so astounding that we put some fellows on the job checking it up. He was just a little off. It was 337 years since the Liverpool wheat price has been as low as it is now, when that price prevailed in 1593, having gone back to that. That will just give you an idea of how bad the outside world conditions are at the present time. Where we are going to, I do not know.

Senator GLASS. Yet, we are continuing to spend millions of dollars on reclamation and irrigation.

Mr. LEGGE. You can not get me into any argument on that; you can not get any argument out of me on that, Senator. We should not bring in any more just now, Senator?

Senator McKELLAR. Has the board ever operated at all in tobacco?

Mr. LEGGE. Only having loaned to the cooperatives, and there are only a few of them. That has been very small. I visited—just came from Kentucky.

Senator McKELLAR. You have none in my State?

Mr. LEGGE. No; none in your State. They have some very good ones in Kentucky, which they have put in cold storage. They are not operating, and after they sold about three-fourths of their crop and the prices took a drop the other day, they revived the question, which is a matter of operating them, which I did not encourage them to do, because they have a poor quality of crop and at present it makes it rather bad for them.

Senator JONES. Is that all?

Senator McKELLAR. Yes.

Senator JONES. We are very much obliged to you, Mr. Legge.

Mr. LEGGE. Thank you; is that all?

Senator JONES. That is all.

Statement, by commodities, showing amounts of commitments approved, commitments canceled, net commitments, advances, repayments, balances outstanding, and balances of commitments available for advances in connection with all loans made by the Federal Farm Board under provisions of the agricultural marketing act as shown by the records of the treasurer's office, Federal Farm Board, as of January 29, 1931 (entry date)

Commodity	Total amount of commitments approved	Amount of commitments canceled	Net commitments	Amount advanced	Repayments	Amount outstanding	Balance of commitments available for advances
Beans.....	\$950,143.31	\$165,130.75	\$785,012.66	\$545,477.35	\$58,965.68	\$486,511.67	\$239,535.31
Coffee.....	50,000.00	0	50,000.00	0	0	0	50,000.00
Cotton.....	154,010,684.35	24,693,356.69	129,317,327.66	113,733,987.63	45,582,155.58	68,151,832.05	15,583,340.03
Dairy products.....	19,916,500.00	1,746,951.25	18,169,548.75	10,499,532.51	3,896,122.01	6,603,410.50	7,670,016.24
Fruits and vegetables:							
Citrus fruits.....	3,800,000.00	500,000.00	3,300,000.00	2,716,018.00	519,026.06	2,196,991.94	583,982.00
Grapes and raisins.....	22,086,200.00	1,838,907.49	20,247,292.51	19,406,658.75	4,075,877.10	15,330,781.65	840,633.76
Other deciduous fruits.....	2,930,875.00	125,322.64	2,805,552.36	1,487,257.52	137,614.46	1,349,643.06	1,318,294.84
Miscellaneous fruits and vegetables.....	1,116,000.00	221,000.00	895,000.00	319,550.00	0	319,550.00	575,450.00
Grain.....	60,141,902.60	10,456,820.01	49,685,082.59	44,294,582.59	18,719,412.58	25,575,170.01	5,390,500.00
Honey.....	135,000.00	0	135,000.00	45,830.00	6,158.58	39,680.42	89,161.00
Livestock.....	17,450,000.00	11,320,295.74	6,129,704.26	4,154,704.26	1,431,093.06	2,723,611.20	1,975,000.00
Nuts.....	435,000.00	0	435,000.00	251,667.48	75,000.00	176,667.48	183,332.52
Potatoes.....	205,000.00	9,000.00	196,000.00	196,000.00	46,000.00	150,000.00	0
Poultry and eggs.....	430,000.00	15,000.00	415,000.00	415,000.00	112,500.00	302,500.00	0
Rice.....	1,804,000.00	650,879.62	1,153,120.38	868,538.61	160,541.79	707,996.82	284,581.77
Seeds.....	101,800.00	53,258.38	48,541.62	48,541.62	6,741.62	41,800.00	0
Tobacco.....	4,750,000.00	1,304,731.90	3,445,268.10	1,526,929.04	565,178.74	961,750.30	1,913,339.06
Wool and mohair.....	15,893,689.00	445,923.09	15,357,765.91	14,162,765.91	2,490,167.29	11,672,598.62	1,195,000.00
Total.....	306,116,794.26	53,546,577.46	252,570,216.80	214,673,050.27	77,882,554.55	136,790,495.72	37,897,166.53
Grain stabilization.....	159,000,000.00	3,000,404.75	155,999,595.25	153,817,595.25	55,562,084.90	98,225,510.35	2,182,000.00
Cotton stabilization.....	65,000,000.00	0	65,000,000.00	53,637,450.53	5,001,485.67	48,635,964.86	11,362,549.47
Grand total.....	530,116,794.26	56,546,982.21	473,569,812.05	422,128,096.05	138,476,125.12	283,651,970.93	51,441,716.00

Mr. McKELLAR subsequently said: Mr. President, as a part of the remarks I made to-day, I ask to have printed in the RECORD the testimony of Mr. Butler on pages 4 to 15, the testimony of Mr. Garrow on pages 44 to 55, and the testimony of Mr. Parker on pages 56 to 68 of the hearings on the independent offices appropriation bill for 1932.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

STATEMENT OF C. W. BUTLER, MEMPHIS, TENN., REPRESENTING THE AMERICAN COTTON SHIPPERS' ASSOCIATION

Mr. BUTLER. In this matter we are all members of the American Cotton Shippers' Association. It is an association composed of the representative cotton merchants of the South who for years and years have handled the output of the South and exported it and also handled the output for domestic consumption.

The American Cotton Shippers' Association is composed of approximately 1,000 members. Their only object is for the promotion of trade. They have no object of money gain. They simply apply trade rules in regard to controversies with the mills and controversies abroad, and we are the representatives of the American Cotton Shippers' Association.

Senator JONES. Did the association request you to come here and speak for the association?

Mr. BUTLER. Yes, sir; individually and for the association.

Senator JONES. Very well.

Mr. BUTLER. We oppose the appropriation of another \$100,000,000 for the use of the Federal Farm Board for the purposes for which previous appropriations have been made.

We do not oppose liberal appropriations for constructive farm aid.

Our reason for such opposition is our conviction that the Federal money already disbursed by the Federal Farm Board for stabilization and marketing of cotton has done great harm to the American cotton farmer and to the cotton industry in general.

It has created a situation that is rapidly destroying the world's market outlets upon which American producers depend for the sale of all cotton not required by consumers in the United States and has also harmed the domestic market.

In proof of this assertion we will submit statistics from authoritative sources showing that during the year 1929-30 the world's consumption of all cotton decreased 653,000 bales, attributable to business depression.

In that year world's consumption of American cotton decreased more than 2,000,000 bales.

The difference, approximately 1,400,000 bales, was caused by the substitution of foreign-grown cotton for American cotton.

Consumption of American cotton in 1928-29 was 15,000,000 bales.

Consumption of American cotton in 1929-30 was 13,000,000 bales.

During the second half of last season more foreign-grown than American cotton was consumed, including consumption in this country.

For the first half of the present cotton season England has actually consumed less of American cotton than of foreign growths. Based on the consumption of American cotton during the first five months of this season the year's consumption of American cotton will be approximately 11,000,000 bales.

The Federal Government, through its subsidiaries and with the aid of Federal appropriations, was in attempted control of the American cotton market during the season of 1929-30.

The Federal Government, through its subsidiaries, is again attempting control of the American cotton market during the season 1930-31.

We assert, and will supply data to support the assertion, that the tragic rapidity with which the world's consumers are substituting foreign-grown cotton for American cotton results from the restrictions placed upon the American cotton market by attempted Government control, the uncertainty and fear generated in the trade by such control, and the losses already sustained by investors and mills.

The prompt restoration of all markets lost through the substitution of foreign growths for American cotton is essential to the welfare of more than 2,000,000 cotton producers in the United States.

The restoration of these markets can not be brought about except through the functioning of a free, uncontrolled, and competitive market for American cotton.

Mr. Carl Williams, cotton member of the Farm Board, is quoted thus:

"The Federal Farm Board can not solve the problem; it is left to the farmer. The board is doing everything possible within its power, but we are absolutely helpless in the face of present conditions unless we get complete cooperation from the people in the South."

The accuracy of this interview has not been questioned. If this be correct, why spend half a billion dollars of the Government's money for such information?

Less than 160,000 out of more than 2,000,000 cotton producers in the United States, and only about 15 per cent of the cotton crop, are functioning through the subsidiary marketing machinery which has been established through the use of Federal funds and through which the strange and arbitrary control over normal business created by the agricultural marketing act has been exercised.

The above 15 per cent was secured in large part by unsound loans and by outright purchases of cotton. These purchases, in many instances, were made from merchants and not from cotton farmers.

We assert: (1) That the agricultural marketing act is economically unsound legislation; (2) that the stabilization and marketing experiments authorized and carried on under the Federal authority and with Federal funds are rapidly destroying world outlets for American cotton and for the products thereof.

We contend that no more of the taxpayers' money should be voted to be used in destroying trade outlets which, in the past, have supplied a market for all the cotton produced by American cotton farmers.

The world's cotton trade—domestic and foreign manufacturer and merchant—stands in fear to-day of what the United States Government may do with the cotton market.

Large concentrated unhedged stocks of cotton held without first cost in the hands of the Government are a market menace.

Attempted stabilization destroys competitive trade and unbalances the market.

It is well known that the problems of the American cotton producer are economic; that long-established marketing facilities are not at fault; that practical farm aid must solve the problem of high cost of production, but not destroy the marketing facility upon which 85 per cent of the cotton crop depends.

Many foreign consumers and merchants have long desired independence from American cotton. Attempted Federal control of the market for American cotton is helping them attain their desire.

The disruption of the market brought about by the "squeeze" or "corner" in the futures market last May and July by the Farm Board and its subsidiaries failed to help the farmer and did greater harm to the cotton market in general than any previous manipulation.

Investors, including manufacturers, feel that the current trend of the market under attempted control by the Government and its subsidiaries is to another period of congestion and further complication, with ultimate collapse.

Attempted control by Government of commodity prices has utterly failed in coffee, rubber, sugar, silk, copper, and recently in cocoa.

Since conditions affecting these several valorization and stabilization plans were the same as we now face in cotton, it was not difficult to predict the failure of our Government's experiment in cotton.

No world-produced and world-consumed commodity has ever been successfully controlled as to price.

Control of the price of American cotton could result in nothing short of the loss of foreign markets, with the ultimate elimination of one-half of the American cotton farmers from the industry.

Since the experiment has been entered into by the United States Government, 1,300,000 bales of cotton have been accumulated in the attempted stabilization operation. It is imperative, if confidence is to be restored, that the menace of this stock of cotton be removed from the market until such a time as the Government can obtain the purchase price of this cotton plus the carrying charges, and even then only in such quantities as to not unduly depress the price of the farmers' cotton.

No comprehensive investigation or inquiry into the economic effect of the agricultural marketing act was made prior to its enactment. Trial was relied on to reveal error.

It is now obvious that under the workings of the experiment cotton is not moving into investment and consumer channels in normal volume. It no longer appeals to trade buyers except when bought on a tenderable basis. It is accumulating in the hands of the Government, the Government's subsidiaries, and the farmers, to the harm of the producer, of business in general, and the cotton industry in particular.

Speaking for the cotton merchants who normally buy and carry about 85 per cent of the cotton crop during the period between production and consumption and distribute it in an orderly way to the consumers of the world, we respectfully request, and, with all the earnestness at our command, urge the Federal Congress to provide immediately for a searching inquiry into operations of the Farm Board and its subsidiaries, as well as into the economic effects, particularly on the farmer, of this act. We further urge that Congress bring into this inquiry such information as can be supplied by producers, both organized and unorganized, manufacturers, merchants, bankers, economists, and all others who may possibly be able to point a way out of the serious difficulties now confronting the cotton farmer and the cotton industry.

That condition of the cotton farmer to-day, due to the low price of cotton and the loss of his markets, emphasizes the necessity for immediate action.

If an emergency ever existed, it exists to-day. Delaying action pending further development of the present costly experiment will result in simply adding further to the farmers' burden.

We recommend that consideration be given the following principles as the means of bringing about real and permanent relief for the cotton farmer:

1. Immediate and complete removal from the market of all cotton held by the Federal Stabilization Corporation, and an announcement that will satisfy investors and mills that such cotton will not be sold within a specified period, or in such a manner as will depress the price of the farmers' cotton.

2. Withdrawal of the Federal Government from all participation, directly or indirectly, in the merchandising of cotton except for liquidation.

3. Repeal of the Federal agricultural marketing act and enactment of legislation in its stead placing all agricultural aid work

under the direction of the United States Department of Agriculture, including provision for—

(a) A comprehensive study of the economic problems of agriculture in the United States, with a view to developing practical ways and means through which the Government may effectively aid agriculture in all its branches.

(b) The setting up and operation of schools for the instruction of farmers in practical farm economy, the objective being lower cost of production, raising of the quality of cotton, elimination of mongrel seed, better ginning, eradication of boll weevil and other parasites.

(c) By cooperation between the Departments of Agriculture and Commerce to develop new uses and markets for American cotton, to promote a sustained study of world trade and requirements in so far as American cotton is concerned.

(d) Governmental encouragement, other than financial, for those cotton farmers who may desire to set up farmer-owned, farmer-controlled, and farmer-financed cotton cooperatives.

(e) Such further sound and economic endeavor as may be advanced in a conference having for its sole purpose the development of a program of real relief for the cotton farmer.

Senator JONES. Mr. Butler, you understand that this is an appropriations committee?

Mr. BUTLER. Yes, sir.

Senator JONES. And not a legislative committee?

Mr. BUTLER. Yes, sir.

Senator JONES. Many of those recommendations that you make there are recommendations that should go to the Agricultural Committee.

Mr. BUTLER. We understood that; yes, sir.

Senator McKELLAR. But he just wished an opportunity to put it before you.

Senator JONES. Would you like to have a proviso put in this bill preventing the use of any of that \$100,000,000 in connection with cotton? I am just putting that in a general way, in connection with cotton in any way?

Mr. BUTLER. Our objection, Senator, is, we feel that the Government has already expended over \$100,000,000 on cotton alone. We feel that the \$100,000,000 which they have already expended has helped no one. The farmer is in worse shape to-day than I have ever seen him.

Senator JONES. That is the idea that we have gotten from your statement. I want to know if you want us to write a limitation in this bill that none of this \$100,000,000 will be expended in connection with cotton.

Mr. BUTLER. In connection with cotton, the way that it has already been expended?

Senator JONES. Or in any other way; what do you suggest?

Mr. BUTLER. Yes, sir; we suggest a remedy there.

Senator JONES. It is a legislative remedy.

Mr. BUTLER. But a part of the \$100,000,000 may be necessary to protect the cotton which they already have.

Senator JONES. Oh, yes; I understand that.

Mr. BUTLER. We do not want to do anything that will force the Government, because of lack of finances, to dump this cotton on the market.

Senator JONES. You do not want any of this \$100,000,000 for the further purchase of cotton?

Mr. BUTLER. That is correct.

Senator COPELAND. I would like to ask this question—

Senator McKELLAR. Go right ahead.

Senator COPELAND. I have just received this letter by air mail from Alabama, written on January 27, 1931. It does not seem possible that we can get a letter so soon, does it? And the reason I am reading this letter is because I have dozens from my own city along the same line. I would like to submit this statement and see if the witness confirms it:

"The result of the Farm Board's activities to date, to my mind, is that they have spent \$400,000,000 of the taxpayers' money and the only relief the farmer has received is the advice to reduce his cotton acreage. From my personal observation about 5 per cent of the farmers are members of the cooperatives, and only members of the cooperatives are able to obtain any benefits under the Farm Board's plans. The unwholesome effect of the agriculture marketing act upon business is too well known to go into details about, but I will mention that America has lost foreign markets for fully one and one-half million bales; the Farm Board's manipulations have cost the textile industry nearly \$1,000,000,000. The Farm Board's blunder in setting an artificial price which they did not maintain is responsible for fully 50 per cent of the bank failures in the South. To my mind it is simply putting good money after bad, and the quicker we call a halt to the Farm Board's activities and demand an accounting the quicker we are going to return to normalcy."

Do you agree substantially with this statement?

Mr. BUTLER. Substantially; yes, sir. Fifty per cent of the bank failures might be a slight exaggeration, but substantially what that gentleman has said, whoever he is, is correct.

Senator COPELAND. This gentleman is president of the First National Bank of Wetumpka, Ala.; Mr. A. E. Hohenberg, president.

Senator JONES. That is very much in line with Mr. Butler's statement.

Senator COPELAND. Just one further statement, if you will permit.

Senator McKELLAR. Yes, indeed.

Senator COPELAND. I assume from what he has said that he has the same feeling about other products besides cotton, and if he

had his way he would wind up the operations of the Farm Board as regards wheat and other things.

Mr. BUTLER. Well, that is my feeling; but then we know more about our own industry—cotton.

Senator COPELAND. But, so far as that is concerned, that is true? Mr. BUTLER. Absolutely.

Senator COPELAND. You are not so familiar with the other commodities?

Mr. BUTLER. No, sir.

Senator McKELLAR. But what you say as to cotton, that is a fact?

Mr. BUTLER. That is the only thing we are appearing on behalf of now. We can say that we think the Government went into an uneconomic operation when they took over these broke cooperatives; they did not have to do it, but they did. So we feel this way about it, having done that, we have to see what can be done, but we do not see any good that can come from it.

Senator COPELAND. We have the bear by the tail, and the question is, How are we going to turn him loose?

Mr. BUTLER. Yes; we have the bear by the tail, and how are we going to turn him loose? We do not know what can be done. It looks like the only thing that the Government can do, particularly in these times when there is so much trouble, is to hold on to what they have but not to go into these propositions which will require them to take on a great deal more than they have.

Senator McKELLAR. Mr. Butler, let me ask you in that connection: Now, they have on hand—the Government has—1,300,000 bales?

Mr. BUTLER. One million three hundred thousand bales.

Senator McKELLAR. Which Mr. Legge has stated that he is not going to sell until the 31st of next July.

What do you say as to this disposition, or lack of disposition, of that particular 1,300,000 bales? Would it not be wise for the Government, through Mr. Legge, to announce that they were not going to sell that cotton at all until the price reached at least the cost of production?

Mr. BUTLER. The cost—the Government cost?

Senator McKELLAR. The Government cost.

Mr. BUTLER. Yes.

Senator McKELLAR. Your idea is in order to help the market price of cotton the only thing that could be done would be for the Government to take that off of the market and announce at this time that they would not put it on the market until it reached its cost to the Government; is that your idea?

Mr. BUTLER. That is our idea, for this reason, Senator: The fact is that the Farm Board have gone out on different occasions and stated that they would not dump this cotton on an "unwilling market." That is the statement. It meant very little to the trade, because it is a question of what an "unwilling market" is. Finally they did come out, after a great deal of pressure, and state that they would not sell this 1,300,000 bales until the 31st of July, regardless of the market. That is not the point. That would not let them get out whole.

Senator COPELAND. Would that not depress the market at that point?

Mr. BUTLER. This shows just what we are coming to: Here we are in January, and nobody dares to go into the market, either at home or abroad; a Liverpool merchant or a Bremen merchant, they dare not go in and take on a stock of cotton now for fear that on the 31st of July the Government will say, "We are through with this thing, and we are going to dump the cotton on the market."

That fear is what caused the thousands and hundreds of thousands of bales surplus. The mills have not taken on cotton. The merchants have not taken on cotton.

This is what cost the trade so much last year. The Government said that they were going to make the price of cotton 16½ cents. The mills bought the cotton, the merchants bought the cotton, Europe bought the cotton, believing that the Government was going to stick by what they said.

Well, in January, the Government changed its mind and said that it was not going to advance 16 and 16½ cents, but that it was only going to advance the market price.

Senator McKELLAR. How long did they stand to their proposition of 16 cents?

Mr. BUTLER. Well, my recollection is—I would have to look the records up on that—but I think from about October to January.

Senator McKELLAR. That is, from the beginning of their operations until January, 1930?

Mr. BUTLER. I think so.

Senator McKELLAR. And then when January came along, why, they said that they would not lend—

Mr. BUTLER. Above the market value of the cotton.

Senator McKELLAR. Less a certain percentage; less a certain margin?

Mr. BUTLER. Less a certain margin.

Senator McKELLAR. About 85 per cent, or something like that, of the market value of the cotton?

Mr. BUTLER. Yes, sir.

Senator McKELLAR. And, of course, that had the effect of depressing the price of cotton, too?

Mr. BUTLER. The same thing is going to happen again this year, if the Government decides to start operations again.

Senator BROUSSARD. That is what I was going to ask you. How long did it take the Farm Board to acquire this 1,300,000 bales of cotton?

Mr. BUTLER. The Farm Board acquired 1,300,000 out of last year's crop, not out of this year's crop at all. That was all carry-

over, which came to them in their effort to make the cooperatives whole. The cooperatives were all bankrupt.

Senator BROUSSARD. With the volume increasing as they continue this operation, is it not a reasonable thing to expect that the people engaged in this industry here will accumulate—how long would it take them to accumulate as much as is produced in one year?

Mr. BUTLER. Well, you have answered, sir, your own question.

Senator BROUSSARD. Do you agree with it, then?

Mr. BUTLER. That is our contention.

Senator McKELLAR. Mr. Butler, what percentage of the cotton—I believe you stated in the statement you made just a while ago—but, I want to ask you what percentage of the cotton is dealt in by the cooperative associations backed by the Government, and what amounts by the trade? What are they?

Mr. BUTLER. Yes, sir. The Government is our source of information.

Senator McKELLAR. Will you give the number of bales handled by each?

Mr. BUTLER. Yes, sir; as nearly as we can get them from the Government.

Senator McKELLAR. Yes.

Mr. BUTLER. The Government has told us that they are 2,000,000 cotton farmers, and the Government has also told us that there are 160,000 farmers in these cooperative organizations, and I think the 160,000 farmers produce about 15 per cent of the crop. That would leave 85 per cent of the crop that is in the hands of the farmers who are not getting any Government help, if you would call it help at all.

Senator McKELLAR. Well, now, let us go back to the cooperatives a moment: How many of these cooperative cotton associations were there in existence in 1929 when the Farm Board took hold?

Mr. BUTLER. There were 13.

Senator McKELLAR. And what were their condition? Now, go ahead.

Mr. BUTLER. I would not want to undertake to say what the conditions of all of the 13 were.

Senator McKELLAR. Well, just give us your knowledge of it.

Mr. BUTLER. The cooperative associations that I know best, those in our territory—Mississippi, Tennessee, Arkansas, Oklahoma—were understood to be bankrupt. That is, if the Government had not come to their aid they would have been bankrupt.

Senator McKELLAR. How many of them were there?

Mr. BUTLER. There were 13 altogether.

Senator McKELLAR. And has that number been increased or reduced since the Government took hold?

Mr. BUTLER. That has been reduced since by amalgamation of the Arkansas-Missouri and Tennessee cooperatives into one cooperative.

Senator McKELLAR. So that there are now 11?

Mr. BUTLER. Eleven; yes, sir.

Senator McKELLAR. Do you know whether or not the Farm Board absorbed any of such indebtedness as they had?

Mr. BUTLER. Well, that is our information; that is one of the reasons that we think that the Farm Board should give you gentlemen and the country at large the benefit of the figures of how this money has been expended.

The Farm Board has not given any figures as to how the money has been expended. They have told you that it has been given to them, but they have not said what has become of it after it was given to them.

Senator McKELLAR. As I understand, the Farm Board has loaned to the 11 cooperative associations so much money to each?

Mr. BUTLER. That is correct.

Senator McKELLAR. And in addition to that the Farm Board has bought outright the 1,300,000 bales?

Mr. BUTLER. That is correct.

Senator McKELLAR. That they now own?

Mr. BUTLER. Yes, sir.

Senator McKELLAR. And now, will you be good enough to give to the committee the amount of the cost of this 1,300,000 bales of cotton to the Government?

Mr. BUTLER. Well, it is just a little question of mathematics. I think that the trade generally considers that the Government paid approximately 17 cents a pound, which is \$85 a bale for this cotton, which they took over into the stabilization corporation. So, that is the cost of the cotton, as near as we could get.

Senator COPELAND. How many bales?

Mr. BUTLER. One million three hundred thousand.

Senator COPELAND. One million three hundred thousand?

Mr. BUTLER. Yes, sir.

Senator COPELAND. That is \$1,300,000?

Mr. BUTLER. No, sir; 1,300,000 bales at nearly \$100 a bale.

Senator McKELLAR. Let me ask you this, as to this cotton: How did the Government come to purchase this cotton?

Senator COPELAND. Wait just a minute. Let me ask another question. You mean to say that the Government has bought 1,300,000 bales of cotton at practically \$85 a bale?

Mr. BUTLER. Yes, sir. Now, that is the information that the trade has, that the Farm Board has done that. As I say, the Farm Board has never, so far as I know, given the public the benefit of any information except as to the money which they loaned to these various cooperative associations.

Senator COPELAND. I would like to ask a question there for the benefit of the chairman, who does not live in a cotton country. How long can you keep it?

Mr. BUTLER. Indefinitely.

Senator COPELAND. All you have to guard against is mildew?

Mr. BUTLER. Yes; it must be kept in a warehouse.

Senator McKELLAR. It must be kept dry?

Mr. BUTLER. Yes.

Senator McKELLAR. Mr. Butler, would you be good enough to answer the question I asked you: How did the Government come to purchase this cotton? Did it belong to some of the cooperatives and the Government took it over from the cooperatives, or just what was the process by which it acquired the cotton?

Mr. BUTLER. I will make it as brief as possible. The story as we get it is that there were these 13 cooperative associations and they had been very badly managed, and they were—

Senator McKELLAR. That was before the Government took hold of them?

Mr. BUTLER. That was last year; over a year ago.

Senator McKELLAR. Yes.

Mr. BUTLER. And when the Farm Board act became a law and the Farm Board began to function under the act, they were only allowed to loan money to cooperative organizations. They were not allowed, under the act, to loan any money to individual farmers, either directly or through the medium of a bank.

So they decided that these cooperative organizations were already formed, and they decided to take these cooperative organizations over.

Well, when they got that far, they found that these cooperative organizations were not in good shape, but they took them over anyhow, but they had to put up the money, because they found that they were insolvent.

Senator McKELLAR. And so they formed the stabilization corporation?

Mr. BUTLER. No; the stabilization corporation did not come along until later on.

Senator McKELLAR. Yes.

Mr. BUTLER. The new organization.

Senator McKELLAR. Yes.

Mr. BUTLER. The American Cotton Cooperative Association began its operations on the 1st of August. I am correct in that, am I not?

Mr. GARROW. The 1st of August, 1930?

Mr. BUTLER. 1930.

Mr. GARROW. No; they turned this cotton over to the American Cotton Cooperative Association in February, 1930, so it must have been organized at that time.

Mr. BUTLER. Yes; that is the date.

Mr. GARROW. Yes.

Mr. BUTLER. Well, they back-fired then.

Mr. GARROW. Senator, if I may, I am going to suggest here that Mr. Butler read into the record the Federal Farm Board's report of that transaction. It is in their annual report.

Senator McKELLAR. All right. It will clear up some matters.

Mr. BUTLER. It will clear up the matter.

"Beginning with the 16-cent loan advances to the cooperatives and following upon the fall of the commodity thereafter, the price of cotton soon reached such a level that the cooperatives could not dispose of it at a price sufficient to pay the necessary carrying and transportation charges and the loans made thereon by the board and other financial institutions. It was necessary, however, for the cooperatives to continue marketing their cotton in order to fill the demands of their customers and to maintain their business. To effect such sales and yet to maintain their position in cotton for the security of the board, the cooperatives replaced any cotton which they sold by the purchase contracts for the delivery of cotton upon the New York Cotton Exchange. In addition, the cooperatives also had previously acquired a large volume of futures contracts in the handling of the optional pool cotton of their members. These transactions required the prepayment of a portion of the purchase price of such contracts."

Senator McKELLAR. Then, Mr. Butler, the Farm Board has sustained a loss, by a simple calculation, has sustained a loss on cotton over what they paid for it, if they paid \$85 a bale, of \$45,500,000?

Mr. BUTLER. Yes, sir.

Senator COPELAND. How much is it now?

Senator McKELLAR. What is that?

Senator COPELAND. How much is cotton now?

Mr. BUTLER. Ten cents a pound.

Senator McKELLAR. Ten cents a pound.

Senator COPELAND. \$45,500,000; is that correct?

Mr. BUTLER. That would be roughly 7 cents a pound, \$35 a bale; that would be not far from it.

Senator COPELAND. Cotton is—let me be clear on this—is selling for how much a bale now?

Mr. BUTLER. \$50.

Senator McKELLAR. \$50. You see, there is a difference of \$35 a bale, which would be about \$45,500,000.

Senator COPELAND. How much?

Senator McKELLAR. \$45,500,000. I think that is right, and then there is the carrying charge.

Senator COPELAND. I think that is what Mr. Legge told us when we had this hearing before, was it not?

Mr. BUTLER. Then, there would be interest and insurance and other charges. Let me finish this.

"As the market fell the amount of such prepayment requirements increased to a point where the cooperatives were unable to secure sufficient funds to meet them. Late in January the position of the cooperatives in the market became so seriously impaired that sales of these future contracts were being forced to an extent

that threatened not only serious loss to the cooperatives and the board but complete demoralization of prices throughout the cotton world. On February 3, 1930, an arrangement was perfected between the American Cotton Cooperative Association, the Federal Farm Board, and the cooperatives to which the board had loaned money, through which the American Cotton Cooperative Association took over the handling of the cotton of the members and the protection of their position in cotton. By these means the market situation was protected. Later the cotton delivered on these futures contracts replaced the cotton which the cooperatives had sold as spots. This cotton was a portion of that which later went into the hands of the Cotton Stabilization Corporation.

"The price decline continued, however, with occasional interruptions, until early in March. From a low point of 13.67 cents on March 10, prices recovered to nearly the 16-cent level early in April; but part of this advance was soon lost, and prices fluctuated around 15 cents from the middle of April until late in May. During April and May the known policy of the cotton cooperatives to accept delivery on their futures contracts was a major factor in the strength of the market. This operation, however, gave rise to disparities among various cotton futures, helped to keep American cotton prices out of line with cotton prices abroad, and probably restricted exports somewhat.

"The cotton advisory committee, created by the cooperatives under authority of section 3 of the agricultural marketing act, met on May 16 and 17 and went carefully into the whole situation. It was then apparent that no substantial recovery in cotton prices could be counted upon in the near future. It was also considered that forced liquidation of the stocks of the cooperatives, upon which Federal Farm Board funds had been advanced, would have several serious results: To depress the cotton market to such a further extent that heavy losses on board loans would be inevitable, as the cooperatives had no large assets beyond the commodity itself; and, further, to injure seriously outside growers, cotton mills, and the cotton trade in general. The committee therefore recognized the necessity of withdrawing from the market the distressed cotton held by the cooperatives.

"As announced on June 5, the committee reported to the board that there was an emergency in the American cotton market requiring a stabilization operation such as is contemplated in section 9, paragraph (d) of the agricultural marketing act, and recommended that such operation should be undertaken. Accordingly, the Cotton Stabilization Corporation was formed by the cotton cooperatives and incorporated on June 5; and soon after, on recommendation of the cotton advisory committee, the board recognized it as a stabilization corporation under the agricultural marketing act. On June 30 the board granted this corporation a loan of \$15,000,000 to enable it, with funds to be borrowed from other sources, to undertake stabilization operations in cotton. Discussion of these operations must be deferred to a subsequent report."

STATEMENT OF J. W. GARROW, HOUSTON, TEX., CHAIRMAN ECONOMICS COMMITTEE, AMERICAN COTTON SHIPPERS' ASSOCIATION

CONDITIONS SURROUNDING PASSAGE

As to the genesis of the agricultural marketing act, one has only to recall the fact that both parties felt the political necessity of including, and did include, in their platforms adopted at their 1928 conventions, planks calling for farm relief, and that just before the adjournment of the succeeding special session of Congress the agricultural marketing act was passed. That it was a compromise act, following defeat of the debenture and equalization measures in that and the previous sessions of Congress, and that it was voted for largely as a perhaps worth-while experiment are facts that have been admitted on all sides.

When the act became a law June 15, 1929, cotton was quoted in the principal port spot markets as follows: Houston, 18.40; New Orleans, 18.79; Savannah, 18.57; Norfolk, 18.69. While these prices were not thought to be highly remunerative to the farmer, they were by no means ruinous, and there was much to support the thought that corresponding interior prices were somewhat above the cost of production on average lands. The members of the Federal Farm Board, empowered by Congress to administer the act, were appointed by the President and held their first meeting on July 15, 1929, at which time quotations in the principal port spot markets were as follows: Houston, 17.60; New Orleans, 18.13; Savannah, 17.86; Norfolk, 18.38. On October 21, 1929, quotations in these markets were as follows: Houston, 17.50; New Orleans, 17.81; Savannah, 17.58; Norfolk, 17.88.

A glance at this will show that there had been a decline of a little more than one-half cent from June to July, and only another one-half cent during what are generally conceded to be the heaviest marketing months for cotton; namely, August, September, and October. But on this date, with the farmers and the trade viewing the situation, if not with much satisfaction certainly with no great alarm as to prices, the Farm Board startled the cotton world with the following statement:

"The Federal Farm Board believes the present prevailing prices for cotton are too low. The total supply of American cotton is less than last year, consumption continues at a world rate equal to that of last year, unfilled orders and actual sales of cotton goods are more, and stocks are smaller than last year, yet the price of the raw product is less."

The Department of Agriculture was evidently of the same mind. A little careful reading of the above statement will uncover the grievous error made by the Federal Farm Board. In the one case they think and speak in terms of the "supply of American cotton,"

and in the other case in terms of "consumption at the world rate." In this manner they completely ignored the world supply of cotton, or we might say the additional foreign supply, which, of course, should and does figure in world consumption.

As the above relative quotations of spot cotton have indicated, cotton was being marketed in an orderly manner, there were no indications of heavy dumping or speculative activity on the short side. To the trade at large, also apparently unmindful of the world's supply, values seemed about right.

THE LOAN FEATURE

Instead of allowing the farmer to continue the orderly marketing of his cotton under these conditions, the Farm Board announced that they were prepared to protect cotton against declines further than approximately 1 cent per pound below then prevailing prices, and proposed that he carry it for higher prices. They offered him, provided he was a member of, or joined, as the act provided, a cotton cooperative organization qualified under the Capper-Volstead Act, "supplemental loans" to the sums "the cotton cooperatives are now borrowing for advances to members from commercial banks, the Federal Intermediate Credit Banks, and the Federal Farm Board." "In many sections of the South the board believes the net advances which cotton cooperatives can make to these members under this loan plan will almost, if not quite, equal the amounts which are being paid by speculators and others on actual purchases from farmers."

Thus did the Government enter into a campaign of superlending, which all bankers, business economists, and most others know gives the borrowers a sense of security which is false and therefore generally disastrous. And this was notwithstanding the fact that the farmer, as indicated even by the Farm Board in the statement above, enjoyed about as much credit through other agencies as was good for him. For years the Government has been setting up agencies to lend the farmer more money and cheaper money, supplementing the numerous private agencies which were lending at reasonable rates, in the aggregate, large sums of money. For no other class of citizens has as much been done by the Government in the way of providing credit facilities.

Under the Federal reserve act of 1914 special provision was made for agricultural paper, which provision, however, was soon found inadequate, and under the Federal farm loan act (1916) 12 Federal land banks were set up, and the capital was subscribed by the Government. These banks were placed under the management of the Federal Farm Loan Board, which still functions, and which is not to be confused with the Federal Farm Board. This loan board was authorized to grant charters for joint-stock banks, which were to engage in the same businesses as the Federal land banks. With the passage of the agricultural credits act (1923), and the establishment of the intermediate credit banks, the purpose of which was to create an outlet for short-term paper, it was thought a provision had been made, at reasonable rates, for all classes of credit required by the farmer.

And just as the excessive credit previously granted by Government agencies failed to stave off, in fact, through necessitous calling, added to, the tremendous deflation in farm products during the upset economic conditions of 1920, so this new act of supercredit has failed in this emergency. As has been well said by a prominent banker:

"In every nation and in every age people have advocated cheaper money or credit as a solution of economic ills; times without number this has been tried and there is always and only one result—a temporary stimulation and then distress and disaster."

MARKETING FEATURE

One purpose of the act is that of "preventing inefficiency and wasteful methods of distribution." It is evident from the wording of the act that there is a mandate laid on the Farm Board to do this "by encouraging the organization of producers into effective associations or corporations under their own control for greater unity of effort in marketing and by promoting the establishment and financing of a farm marketing system of producer-owned and producer-controlled cooperatives and other agencies," although, as will be shown below, the previous history of cooperative associations showed them to be operated at greater cost to the farmer than seemed justified by the results and with unfavorable comparisons in cost of similar services performed by existing private agencies.

Under the cooperative system in vogue prior to the agricultural marketing act these associations did not buy and sell cotton as they do now but confined themselves to selling cotton solely for members who had produced the cotton. Nevertheless, the Federal Trade Commission in 1924 attempted a comparison for the crop year 1922-23 between the operating costs of merchants and those of the cooperatives. The only comparison arrived at by them was one between 35 cotton merchants, handling 1,796,610 bales, and 3 nonstaple cooperative associations, handling 286,728 bales, which showed general expenses and interest on the part of the cooperatives amounting to \$7.12 per bale, and general expenses, interest, and profits on the part of the merchants amounting to \$6.59 per bale.

A more appropriate and accurate comparison, readily procurable, is the expense to farmers on sales made through cooperatives and sales made for their account by cotton factors. This comparison follows.

From reports furnished by the Federal Farm Board for the "(cooperative) association's overhead operating expenses, such as salaries, sales expense, general office expense, directors' expense, legal fees, etc. (not including storage, insurance, freight, interest,

or deductions for reserves)," the following averages have been compiled for the States named below and for the periods mentioned:

State	Years	Bales handled	Expense	Average net expense per bale
Texas	1921-1928	1,257,049	\$3,008,641.96	\$2.39
Alabama	1922-1927	415,477	670,905.20	1.61
South Carolina	1922-1928	539,457	1,143,635.66	2.12
Georgia	1922-1928	451,920	1,466,971.20	3.24
Arkansas ¹	1922-1929	407,047	1,183,486.07	2.90
Louisiana	1923-1928	190,349	457,280.56	2.40
Total		3,261,299	7,930,920.65	2.43

¹ Bulletin 245, University of Arkansas.

An investigation of factors' charges for the years above mentioned would show that for services in most cases identical with those covered by the charges above attributed to the cooperatives, the factors' charges averaged not over \$1.50 per bale, except, perhaps, in a few markets where commissions based on percentage of sale prices prevailed, and where at times this average, by reason of very high prices, might have been slightly exceeded for a short period.

It will be understood, of course, that all comparisons above indicated are for periods prior to the enactment of the agricultural marketing act. Relative statistics since then are not available, as no figures have been issued by the cooperatives.

However, the present charges set forth in the cooperative contracts call for a commission of \$2.50, evidently based on their average experience, plus 1 per cent reserve for contingencies, as against an average fixed charge at this time by cotton factors of about \$1.25 per bale.

OLD COOPERATIVES TAKEN OVER

While, as stated above, it was compulsory for the Farm Board to operate through cooperatives established or to be established, they were under instructions to recognize only those existing cooperatives whose financial condition and whose management was such as, in the judgment of the Farm Board, would be a businesslike thing to do.

The Farm Board assumed sponsorship for practically every existing State organization, personnel and all, after their charters had been amended to permit the purchase and sale of cotton, and no public statement of the condition of these organizations has ever been made by the Farm Board.

This, of course, required them to take over the stocks of cotton being held by these organizations, and was a start of the accumulation of the immense stocks of cotton and futures now being carried by the Stabilization Corporation and the various cooperative organizations, to which reference will be made later. It was also the Government's entry into the cotton business on a large scale.

MEMBERSHIP CAMPAIGN

It was apparent to the Farm Board as it is to anyone who studies details of the per-bale cost of operations of the cooperatives in past years that the per-bale cost varied largely with the quantity of cotton being handled, it being easily possible, with the same overhead set-up, to handle a widely varying amount of bales. Therefore, it became one of their first duties to inaugurate an intensive campaign for membership.

Part of this campaign was a widely advertised and much-repeated pronouncement that the act provided that only those who were members of or joined a Capper-Volstead organization should enjoy the Government largess. With the aid of an economist, a director of information, and an assistant to the chairman, in charge of press relations, the theory of cooperative marketing was vigorously expounded and widely disseminated.

A notable feature of the campaign was the selling of headquarters to local chambers of commerce. For instance, pitting other near-by towns against Lubbock, Tex., they sold the Lubbock Chamber of Commerce local and district headquarters for \$7,500, plus the underwriting of the sum of \$20,000. This latter guaranty was to be canceled at the rate of \$5 per member as members were secured.

Solicitors of cotton were employed, to be paid at rate understood to be 50 cents per bale, and \$2.50 for each member secured. In Texas alone there are over 450 such local solicitors in addition to numerous district agents.

A big factor in this campaign, though it bore no direct indications of being such, being in furtherance of that part of the act which provided for the making of loans "in excess of those generally procurable from other sources," was the loaning of amounts equal to or exceeding the local street prices. Along with these loans went the grant of immunity from margin calls in event of declines in market prices—an arrangement that could be tolerated only by the Public Treasury, backed by the recuperative powers of an all-comprehensive taxing system. As cotton declined, these 90 to 100 per cent noncallable loans became increasingly attractive, amounting, as they did, to sale of the cotton if the market declined, but otherwise offering speculative possibilities.

It is now reported that the affiliated cooperative associations have received 2,000,000 bales of this season's crop, and have the expectancy of at least 500,000 bales more. This is greatly in excess of any amount previously handled by them.

PREVENTING SURPLUSES

As is now known, the first experience of the Farm Board in this respect was a failure, in spite of the intensive work of the publicity department above referred to and the speaking tours of the chairman and of the cotton member of the board, entreating and demanding a reduction in acreage. There was practically none, and the production, notwithstanding widespread drought, was almost as heavy as that of the previous year. The greatest contributing cause to this refusal on the part of the farmers to heed the entreaties of the Farm Board was undoubtedly the fact that the farmers understood that the Government had undertaken to protect the price at a remunerative basis, no matter what the size of the crop.

FACILITIES LOANS

A very important and far-reaching feature of the agricultural marketing act is the power given to the Farm Board to loan to the cooperatives 80 per cent of the funds required to construct, purchase, or lease any marketing facilities or processing plants, when such facilities are not otherwise available or when, in the judgment of the Farm Board, the facilities offered are not adequate, or the costs to the farmer of handling therein are greater than they should be. Their powers here seem unlimited, but as far as cotton facilities are concerned, they seem at present to have confined themselves to the acquisition of numerous gins and a few interior warehouses. To reconstruct President Hoover's statement, "Never before have such authority and resources been conferred by our Government in assistance of an industry."

MINIMIZING SPECULATION

In the minds of the farmer, the Congressman, and indeed the citizenship at large, speculation in cotton is inseparably associated with futures trading and the big exchanges. One hardly hears of speculation in actual cotton. Minimizing speculation is, therefore, almost synonymous with minimizing futures trading.

In the point of limiting the number of persons speculating in futures the act has been most successful. In limiting the number of bales speculatively traded in it has suffered defeat in the house of its friends, the Farm Board and its subsidiaries having become the heaviest traders therein and having to-day an interest in futures reputed to be dangerously near the maximum allowed under the rules of the exchanges.

PRICE GUARANTY

The board is authorized in the act to insure cooperative associations (not the individuals) against loss through price decline in the commodity handled by the association, and to make advances from the revolving fund (now \$400,000,000) to meet any obligations arising under such insurance agreements.

This feature of the act is not well press-agented nor understood, and whether its functioning not only follows specific insurance agreements, and if so, whether any such agreements are in effect, is not publicly known.

THE PROFIT TO THE FARMER

Getting down to the fundamentals of what was hoped to be accomplished by the act, we find a desire for a widening of the spread between the cost of the cotton to the farmer—in other words, the production cost—and the price which he receives for his product. Three ways of doing this immediately suggest themselves—(a) an elevation or stabilization of the sale price of the raw product, (b) a great reduction in or approximate elimination of the cost of distribution, or (c) a reduction in the cost of production. Any one of these would accomplish some results; any two of them greater results. That all of them could be accomplished is unthinkable.

Though to many the last-mentioned seems to be the most important, from an observation of the administration of the provisions of the act the Government has apparently chosen a combination of the first and second, with an emphasis placed by Mr. Legge on price elevation or stabilization and emphasis placed by Mr. Creekmore on the reduction of distribution costs, which amount to almost a conflict of opinion.

(a) In the advocacy of price enhancement or maintenance above a level naturally produced by the law of supply and requirement, there has been an ignorance of or an ignoring of the experience of other countries, notably that of Brazil in coffee, Cuba in sugar, Great Britain in rubber, and Japan in silk. There was also seemingly no thought given to the fact, which Mr. Legge has publicly announced he has just recently discovered, that in an attempt to maintain prices at uneconomic levels purchase after purchase, ad infinitum, is necessary, with relief obtainable only from a drastic reduction in recurring crops.

(b) In the case of distributive costs, unfortunately the Government did not profit by the report of the Federal Trade Commission April, 1924, on the investigation ordered by Congress, which extended over several years (1922-1924), and which proved tremendously expensive. The purpose of this investigation was to probe charges that the merchants were not only making large profits, supposedly at the expense of the producers, but were in combination against the price of cotton. Reference has previously been made in this article to some of the findings in regard to costs, which were favorable to the trade when compared with those of the farmers' own organizations, but the report further says:

"Scattered throughout the entire Cotton Belt, and especially in the more important cotton markets, are to be found hundreds of cotton merchants and shippers who handle cotton for domestic and export consumption. * * * Examination of the correspondence files of a number of cotton merchants failed to reveal

a single instance of any restriction upon the competition in buying. * * * While some assertions were made that competition was restricted at some country points, by means of price agreement and division of territory, no clear and definite evidence of such restraints were found. * * * It was the general belief in the trade that between these merchants competition in the sale of cotton was, as a whole, exceptionally keen and fair, and this was quite generally borne out by the investigation made."

Why, then, should the Government emphasize the necessity for drastic reductions in costs of handling as being the way for the farmer out of his difficulties? Why lay the farmers' troubles to the marketing system after a report of that sort? What was the object of the investigation ordered by Congress, if the exhaustive and costly report by the Federal Trade Commission was not to be heeded before the Government started on another large spending spree? Where did the Government get the thought that the way out lay in turning over the business of distribution to the co-operative organizations? Presumably the idea was "sold" to them by an energetic and vocal minority of the farmers, while the trade and farming element at large were either unaware of or indifferent to what was being done.

One might well wonder what all this intensity of interest in co-operative marketing has to do with the balance of the farming element, which produced this year approximately 12,000,000 bales, or five or six times the amount handled by the affiliated associations.

(c) There remains for consideration the third method of improving the farmer's profit—that is, by reduction in cost of production. Directly, this might be accomplished by decreased cost of farm implements, seed and fertilizers, by decreased cost of picking, and so forth, and if but a portion of the money appropriated had been spent in this way, particularly in the way of furnishing seed of the better-producing and better-quality varieties and good fertilizers, much might have been accomplished and competition greatly reduced with foreign countries, where labor, materials, and lands are cheaper and standards of living lower. If part of the money spent on educating the farmers to the theory of co-operative marketing had been spent in instructions as to how to produce the greatest quantity of good staple cotton at the smallest possible price, and how to produce their home requirements, it no doubt would have redounded greatly to the farmer's benefit and comfort.

But even all of these would not be necessary and would accomplish but little compared to what would be accomplished were Congress willing to abandon the protective-tariff policy. These ever-increasing and expanding duties on imports compel the farmers to buy practically everything they need for their farms, themselves, and their families from protected industries, while at the same time they are forced to sell all they produce in an unprotected market.

"Under the operation of the protective tariff the foreign producers of cotton can produce everything that enters into the cost of cotton raising for less than our American cotton farmer can. This is the major farm problem."

There is hardly a person in or out of Congress who does not realize that in the repeal of our tariff laws lies the way out, but no one in authority is willing to sponsor this remedy, for fear of the results to all industries, and the cotton farmer's plight remains unrelieved.

ECONOMIC EFFECTS

It can not be said that the loss to the cotton merchants, factors, and brokers of the 2,000,000 bales handled by the cooperatives has seriously impaired their business, because much, perhaps the greater part, of these 2,000,000 bales has been or is being sold by the cooperatives to local merchants and exporters directly and through brokers; nor can the present dullness in trade be attributed to this diversion of the balance of this business from old to new trade channels. It can not be said that the enormous holdings of the stabilization corporation and the cooperatives are, in themselves, responsible for market stagnation; but it can be said, with perfect assurance, that the unusual characteristics of this concentration of market interests and the freedom of this new competitor from many of the restraints and limitations which surround private traders throw an uncertainty around many customary transactions, paralyzing, if not deadly, in their effects.

One transaction of the Government, or Government-controlled agencies, which would have been an impossible undertaking for individuals suffices to illustrate this point and to justify these fears—the famous "corner" of last summer.

Having taken over the old cooperatives and all of their cotton at prices much above those prevailing shortly thereafter, the Farm Board, through its subsidiaries, converted large quantities of this cotton into futures, and bought additional large quantities of May and July (1930) futures, for the purpose, it is thought, of putting the market up to a point where their losses could be retrieved by forced settlements or an unloading of their interests.

In the attempt and ultimate failure of this scheme, however, they caused severe losses to those merchants who in a perfectly legitimate merchandising operation were carrying stocks of spot cotton against sales of futures; they caused severe losses to mills, who had bought cotton on call against their needs and were forced to make their fixations at most unexpected prices; they caused a severe loss to merchants and mills by reason of removing at that time practically all premiums in excess of 60 per cent of the commercial premium on inch staple, on all cotton of greater staple length than fifteen-sixteenths of an inch. (This impairment of staple premiums prevails to-day, because of fear that the Gov-

ernment might again, through necessity or business judgment, enter upon another cornering operation, and its baneful effects are being borne by the best and most praiseworthy producers.)

They practically stopped all demand for cotton goods and forced the mills into idleness from which they have not yet recovered.

They brought about a great diminution in exports and caused thousands of bales of cotton previously exported to be returned to this country from France, Italy, and even Japan.

They have caused futures to supplant spot cotton as the dominant price-fixing factor, by making it unsafe for traders to enter freely into any transactions other than those "on a tenderable basis."

By reason of the necessity of building a big organization (now controlling about 3,000,000 bales of cotton), in an attempt to reduce per-bale costs in conformity with Mr. Creekmore's ideas, and to sustain the price according to Mr. Legge's ideas, most of the producer-owned, producer-controlled features have apparently been eliminated.

The organization has not only become too big to be handled according to the composite desire of the individual members, but the immense investment of the Farm Board, for which it has become morally responsible to the people, and the contingent responsibility of the board for protection of the organizations against price decline, forces the Farm Board to take complete control of all major activities. Just how much does anyone think the producer members had to do with the May and July deal?

But over and above all else stands the destruction of confidence on the part of merchants, manufacturers, and even bankers, in the value of hedging operations. And for the sake of a hoped-for benefit to 15 per cent of the crop there has been removed much of the sustaining force for the other 85 per cent.

This demoralized situation, which has prevailed for months and promises to remain for quite a while, could not be better described now than was forecasted in the annual address of President H. G. Safford, of the American Cotton Shippers' Association, at Memphis, Tenn., April of last year:

"To avoid chaos in the heavy marketing period of the fall months, if the cooperatives and the American Cotton Cooperative Association do not so conduct their affairs that we can function safely and take our part of the marketing and carrying load, they must be prepared to alone take over the whole job or assume responsibility for the consequences. * * * If our business is so disorganized and so dangerous and so uncertain, if our hedge has been destroyed in the future markets to the extent that we can buy only on orders from mills (themselves buying likewise from hand to mouth), we can not continue to offer a home to the hundreds of thousands of bales of cotton thrown each week on the open market during the heavy ginning period of the fall months.

"In other words, if they (the cooperatives and the American Cotton Cooperative Association) destroy the confidence of those who buy the futures contracts, either for speculation or investment, and if they destroy our ability to buy, warehouse, and hedge the temporary surpluses of spot cotton, they have removed the strongest existing sustaining and stabilizing influence and in its place they can not supply an adequate substitute."

When one considers present conditions and tries to evaluate the proportionate responsibility of the agricultural marketing act and the unsettled economic conditions over the entire world, one can not disregard the warnings of President Hoover in his special message to Congress in 1929, in which he advised against many things which the agricultural marketing act has caused to be done:

"Certain vital principles must be adhered to in order that we may not undermine the freedom of our farmers and of our people as a whole by bureaucratic and governmental administration and interference."

Among the vital principles noted are (1) there should be no undermining of private initiative, (2) no buying or selling or price fixing of products through any governmental agency, (3) there should be no lending of Government funds or duplication of facilities where credit and facilities were already available at reasonable rates, (4) there should be no activities that might result in surplus production.

All of these principles have been violated under and with the sanction of the agricultural marketing act; and the question remains: Has this politico-economic experiment been, as President Coolidge derisively said it might be, "worth all it cost"?

In his veto message of 1928 President Coolidge characterized that bill (similar to the present bill but containing the equalization fee) as "prejudicial to public policy and to agriculture" and full of "futile sophistries." "The arbitrary power" granted the board which it proposed to create he termed "almost incredible." The board, he said, with the advisory board—

"Could throw the entire machinery of the Government into an attempt to raise or lower domestic prices at will * * * disrupt the settled channels of trade and commerce * * * alter at will the cost of living, influence wage scales in all lines of industry, and affect conditions of business in every part of the country."

"By a curious coincidence the agricultural situation when the Federal Farm Board began its work was unusually free from difficulties due to surplus production." (Arthur B. Chew, Department of Agriculture, in *Encyclopedia Americana*, p. 19, 1930 annual.)

"Foreign cotton production has been expanding in volume and improving in quality. In the past 25 years foreign cotton production has doubled. Some indication of the competition of foreign growths with American in the world markets is shown by the fact that consumption of American cotton in the world outside the United States increased only 22 per cent, while consumption of all

cotton increased 163 per cent from the period 1906-1909 to 1926-1929.' (Facts About Cotton; 1930 Outlook; United States Department of Agriculture.)

"All told, more than 650 institutions have utilized the services of the intermediate credit banks, and they have thus obtained for farmers approximately \$400,000,000, including renewals, since the Federal intermediate credit banks were established. * * * Ordinarily the intermediate credit banks advance around 65 per cent of the current value of the products upon which they loan, with provision for maintaining required margins. * * * The ability of the Federal intermediate credit banks to serve agriculture, meaning the farmers' cooperative associations, has never been taxed.' (M. H. Gossett, president Intermediate Credit Bank, Houston, Dec. 14, 1929.)

"A table shows the results of operations over the period of 1919 to 1923 of reporting merchants, varying in number from 47 to 63, the aggregate number of company years being 216, and the number of bales handled being 9,800,371, and shows a net income of \$2.02 per bale. (P. 90, Report of Federal Trade Commission (1924), S. Doc. 100.)

"On the whole, the results by size groups are not favorable to the largest merchants, and presents a table showing that for the four years, 1919 to 1923, of the reporting merchants those handling less than 10,000 showed a net income of \$2.04, while those handling over 100,000 showed a net income of \$1.36. (P. 92, Report of Federal Trade Commission (1924), Senate Document 100.)

"Anderson, Clayton & Co. has bought and marketed during the last four years a little less than 9,000,000 bales of cotton, handling it at an average profit of a little less than 1 per cent of its sale value, after 6 per cent on working capital was deducted. The average profit on a bale of cotton which sold for \$100 thus would be slightly below \$1. The total profit over the four years has been in the neighborhood of \$8,000,000. (Testimony of W. L. Clayton before Senate committee, December, 1929, as carried by press.)

"Senator CARAWAY. 'So what you have done in the way of furnishing money you might as well have left cotton out of consideration, so far as affecting it is concerned.'

"Mr. CARL WILLIAMS. 'No; I think not, because the expenditure of \$150,000 on the part of the Farm Board loaned to two associations, on practically no security, without question saved those two associations from dissolution, and kept them in business from standpoint of service to the cotton growers of their respective States.' (Hearings before Committee on Agriculture and Forestry, October, 1929.)

"The 15 cotton cooperatives now in existence handle less than 10 per cent of the crop. * * * It is necessary that present and future cooperatives shall greatly increase the volume of cotton controlled in order to reduce the costs of operation.' (Resolution adopted Dec. 11, 1929, by delegates to the National Cooperative Marketing Conference, setting up the A. C. C. A.)

"The Government is using all of its influences to put this cooperative program over, including the press of the Nation, the 30,000 employees of the United States Department of Agriculture, the public-school system, and all land-grant colleges and universities. Any Government employee who sets himself in the way is likely to be fired.' (Speech by C. O. Moser, vice president A. C. C. A., at Hilton Hotel, Lubbock, Tex., Mar. 31, 1930, as transcribed by H. J. Bower, professor of agronomy, Texas Technological College, and published in Lubbock Avalanche-Journal, Apr. 13, 1930.)

"The basis for these loans in most cases has been a percentage of the market price of the commodity at the time the loan was granted. Loans have been made on wheat and cotton, however, at definite values per unit that were believed to be conservative, even though in some instances rather closely approximating the full current market price.' (Chris. L. Christenson, secretary Federal Farm Board, Encyclopedia Americana (1930), p. 300.)

"Unless we can work out a different system of marketing which goes beyond the question of saving a fraction of a cent per bushel of grain, a few cents on a bale of cotton, or a few cents per head of livestock, as compared to the present system, there would be little hope of progress in the line of putting agriculture on an equality with other industries, for the simple reason that if all of these operating costs were added to the price the farmer gets for his profit it would make but little difference in return to the grower.' (Letter of Chairman Legge to William Butterworth, Dec. 17, 1930.)

"We have a fighting chance to make a success of cooperative marketing. I firmly believe we will put it over slowly and steadily, but let me say right at the start that unless the A. C. C. A., which has accorded me the honor of being its general manager, can handle cotton at less expense than the average merchant there would be no logical reason for its existence.' (E. F. Creekmore, interview, April, 1930, Dallas News.)

"It (agricultural marketing act) is frequently spoken of as the cooperative marketing act. The reason for this is that the enactment of this measure is a direct result of years of hard work on the part of the cooperatives of America. The law was certainly not an accident. It was fostered, drawn up, presented, and guided through both branches of Congress by cooperative marketing leaders and friends of the cooperative movement.' (Harry Williams, then general manager of the Texas Farm Bureau, interview, Dallas News, December, 1929.)

"A. W. McKay, chief division of cooperative marketing, Farm Board, estimates the membership of cotton cooperative associations at 160,000, and says the 1924 census gives the total number of cotton farmers as 1,931,307. Reliable statisticians estimate the number at present as 2,000,000.

"The price of cotton is 30 per cent below 1913, while all farm products are 10 per cent higher and all commodities 15 per cent higher; cotton is 50 per cent below the 1926-1929 level, while all farm products are 23 per cent below and all commodities 18 per cent below.' (Figures taken from New York Cotton Exchange Service, December, 1930.)

"Recent figures furnished by the International Cotton Federation show that while the world consumed 2,053,000 bales less of American cotton in 1929-30 than in 1928-29, it consumed 1,400,000 bales more of foreign growths, the net loss chargeable to the depression being only 653,000 bales."

Senator McKELLAR. Now, Mr. Garrow, just proceed, and state anything else you wish to the committee.

Senator KEYES. You might summarize your statement.

Mr. GARROW. Well, my prepared statement is a story of the operations of the cooperative associations under the Farm Board control. I have included in that statement certain comparatives, the only comparatives I have been able to obtain, which, as I have said before, have been obtained by the Government, either by the Federal Trade Commission or the Federal Farm Board, but which apply to all cooperatives.

It would seem that the new cooperative charges are based on the experience of the old cooperative costs. I do not care to take up further time of the committee to go into that, because they are in the statement. The other matters have been covered very fully by Mr. Butler, and the questions the committee has asked him, and I believe I have nothing to add to it, unless the committee wishes to ask me some questions.

Senator KEYES. Senator, do you wish to ask any questions?

Senator McKELLAR. Yes, sir. Is the Texas contract substantially the same as the Mississippi and the mid-South contracts which have been referred to, in reference to charges?

Mr. GARROW. I have never read the other two contracts. The Texas contract provides for the \$2.50 a bale commission, plus the 1 per cent reserve. The 1 per cent is to be returned to the members at the end of 10 years, without interest, providing the cooperative at that time is able to pay the 1 per cent.

Senator McKELLAR. Yes. Let me ask you another question. Do you believe that the cotton farmer has been benefited by the administration of the present farm act?

Mr. GARROW. On the contrary, Senator, I think that he has been injured.

Senator COPELAND. Have you talked with the farmers, and do they feel that way?

Mr. GARROW. I think that the fact that there are only 160,000 of the 2,000,000 that have gone into it, would indicate that.

Senator COPELAND. How many of your farmers in Texas are in the cooperatives?

Mr. GARROW. I have no figures on that. They claim to have handled, however, about 600,000 bales of Texas cotton, which is the largest amount that they ever handled.

Senator COPELAND. The cooperatives?

Mr. GARROW. Yes, sir.

Senator McKELLAR. That is what percentage of the crop?

Mr. GARROW. The crop this year was approximately 4,000,000 bales.

Senator McKELLAR. Now, unless there is something else, we will call on Mr. Parker. Do you have anything else that you wish to ask Mr. Garrow? Mr. Garrow, do you have anything else?

Mr. GARROW. Not unless you have some questions to ask.

Senator McKELLAR. Then we will hear Mr. Parker, with your permission, Mr. Chairman.

Senator KEYES. Yes, Senator.

STATEMENT OF WALTER PARKER, NEW ORLEANS, LA., REPRESENTING THE AMERICAN COTTON SHIPPERS' ASSOCIATION

Mr. PARKER. In the opinion of the experienced, trained, and well-financed merchants who comprise the membership of the American Cotton Shippers' Association, the cotton market is now suffering more from suspended buying power, which would function even in a period of business depression, than from general business depression.

The accumulation of large concentrated stocks of cotton through the use of Federal funds, in the absence of adequate assurance that these stocks will not some day be unloaded on an unwilling market, in competition with established trade channels, is one course that has sent normal buyers to the sidelines.

The abnormal trade condition created by participation by the Federal Government and the use of Federal tax moneys in the merchandising of cotton is another cause.

Still another factor was the failure of the attempted 16-cent valorization effort. In the expectation that the Federal financial power behind that effort would succeed, spinners bought raw material, depending upon the promise of stabilization as a hedge; the market declined to 10 cents and below, with consequent severe loss to spinners. In the presence of large concentrated stocks, spinners now feel safe in buying to meet current needs only, and many are not buying ahead, even at current low prices, in normal volume.

The American Cotton Shippers' Association is convinced that the locking up of the stocks of cotton now held with Federal funds, and their complete removal, unhedged, from the market for a definitely announced period of time, plus the withdrawal of the Federal Government from all participation in the merchandising of cotton, would be followed very quickly by the reestablishment of normal conditions in the cotton market, the rapid absorption of the remaining available supply, and the passing on of that supply to consumers.

The American Cotton Shippers' Association realizes that because no comprehensive economic study of the problems of American agriculture was made before the framing of the Federal agricultural marketing act Congress could not know in advance what the economic effect of the Federal Government's experiment in marketing and stabilization would be.

The problems confronting American agriculture had been accumulating during many years. An acute situation developed, and Congress, endeavoring to help, supplied Treasury funds and empowered a board to render aid as it could.

It is now obvious that the experiment resulting has blocked an enormously important buying power in the cotton market—the very buying power upon which producers have depended for an outlet in all previous years. Under existing conditions cotton is not passing into trade channels as it should. Consequently the weight of the surplus is not being reduced rapidly enough to restore confidence among consumers in the future of the cotton market.

This unfavorable condition will be corrected by the carrying out of the program recommended.

THE VALUE OF COTTON

The value of cotton is determined by an adjustment between the price the consumer will pay and the price the producer will accept.

Every consumer must buy in competition with every other consumer, and every producer must sell in competition with every other producer.

The consumer's cotton-purchasing power depends upon his ability to sell the finished product of his mill in open competition with the mills of the world.

The producer's cotton-selling ability depends upon the interrelated state of the market for spot cotton in America, Europe, Asia, and Africa, which is determined by the relationship supply bears requirement.

Exchange trading is merely the machinery through which means are provided for the financing, purchase and sale, handling, and transfer of cotton from the producer, whose annual yield of uneven grades and staple becomes available in the fall, to the consumer who requires an even running supply of particular grades and staples throughout the year.

Primarily, producers and consumers are concerned with the price per pound at which cotton sells. The producer's need of cash, and the consumer's need of cotton with which to fill his obligations in yarn and cloth, are the determining influences.

The merchant or middleman functions in between. His success depends upon his ability to pay the producer the price the latter demands for whatever type his fields yield and to sell even-running lots to the consumer at a price the consumer will pay. This must be done in open competition with all other merchants.

In an open market the producer may sell, or refuse to sell, to whom he pleases, while the consumer may buy or refuse to buy from whom he pleases.

Under the hedging system set-up by the modern market for cotton the middleman functions as a merchant, with price speculation reduced to a minimum.

Spinners and weavers buy futures, or hedges, as a protection against raw-cotton price speculation when they sell yarns and cloths before they have acquired cotton, and then buy in their hedges when they contract with some merchant for the delivery of the particular cotton they will require.

Merchants sell hedges when they buy the farmers' cotton against which they have made no sale to consumers and then buy in their hedges when they effect a sale of raw cotton to consumers.

Since there is never a balanced supply of "long" and "short" hedges in the market, speculators supply "long" and "short" hedges to the trade. The speculator has no power over the spot market, which is the ultimate determinant of the value of the future contract. He buys futures, thereby supplying "short" hedges, when he believes the value of cotton will advance, and he sells futures, thereby supplying "long" hedges when he believes the market will decline. If the speculator holds on to his "long" contracts until they mature, the cotton will be delivered to him, and he will pay in full in cash for it. If he holds on to his "short" futures until they mature, he will be compelled to deliver the cotton, in which case he will receive in cash in full the price at which he sold.

Most speculators are optimists. They believe the commodity will advance in value. And so they buy futures. In this way, even though spinners are temporarily out of the market, enough "short" hedges are supplied to enable merchants to sell hedges against all the cotton they buy from producers.

The moment a merchant buys 100 bales from producers, he sells a future hedge. Hedged cotton is regarded as A-1 bank collateral. He is therefore in position to borrow practically the full value of the cotton he holds, and so is in position to buy more cotton, and repeat the process again and again. Ultimately he sells his holdings to spinners and then buys in his hedge.

This hedging system, which is fair alike to buyer and seller, is the one fundamental difference between the ancient and modern system of marketing cotton.

Permitted to function freely it will absorb and distribute all the cotton that may be produced at the values warranted by the relationship supply bears to requirement.

Under it there is an ever-ready competitive cash market for all the cotton offered for sale by producers and an ever-ready supply available to consumers.

Hedge trading is designed to facilitate the handling, carrying, financing, and transfer of cotton from the farms to the factories, to reduce the speculative risk incident thereto, to insure open-

market competitive buying and selling, and to reduce to a minimum the spread between the price the producer receives and the price the consumer pays by eliminating as far as possible speculation from the process.

Hedge trading is not designed to exert any artificial influence whatever on the price of cotton.

After a year and a half of Federal control of the cotton market and the use of \$400,000,000 of United States Treasury funds for farm aid, we find an astounding situation.

In that period the value of cotton has dropped from around 16 cents a pound to around 10 cents.

According to Hester in August, 1929, the average value of a bale of cotton was \$94.39; in September, \$94.05; in October, \$91.38; in November, \$86.42; in December, \$85.92; in January, 1930, \$85.56; in February, \$78.03; in March, \$76.80; in April, \$79.50; in May, \$78.04; in June, \$67.87; in July, \$61.98.

Commenting on the above showing, Congressman JAMES O'CONNOR of Louisiana, in a speech in the House of Representatives on December 9, 1930, said:

"During all that time the Government was, more and more, actively speculating in cotton, while the trade itself was, more and more, standing aside. In this way the normal market has become unbalanced and many spot merchants prefer to remain inactive while awaiting the outcome of the Government's endeavors.

"In Soviet Russia private business enterprise is frowned on and destroyed. I do not know what the outcome there will be.

"But in America the basis of our world record-breaking economic success has been the encouragement of business enterprise. Under our system we can and do pay the highest wages. Our average income is far greater than that of any other country. Our per capita wealth is more than twice that of the next best conditioned people.

"We have prospered under our system.

"Now, because there is a temporary depression in world trade at a time when our fields have produced abundantly, are we to so cripple our admirable business machinery by short-visioned governmental action as to seriously handicap us in holding and developing our economic position when business shall revive?"

SPECULATION

Speculation is the life of enterprise. Human beings buy things and then devote such genius as they possess to an effort to make them valuable. Obviously, real estate in the United States would not have done so well for mankind had there been no speculation.

The greatest speculator we know is the agriculturist. When he plows his fields and sows his seed he does not know whether the season will be favorable or not, and he does not know whether trade in the commodity he produces will be good or bad. He merely hopes that demand will be good and prices profitable to him.

And so in time he offers for sale the product of his year's endeavors.

In the case of cotton, a full year of world-wide manufacture is required to consume the product which farmers throw on the market in a period of a few weeks. Consumers are not ready to buy and store against future need a whole year's supply. A year's supply has been produced, and spinners know that somebody will possess it and be looking for a buyer later on.

And so spinners, as a rule, buy cotton only when they sell goods.

But the farmer normally desires to sell all his product in the fall and collect cash therefor. He does not care to function as a merchant or as a warehouseman. He has been speculating ever since he planted his seed and desires to cash in.

And so the merchant or middleman has developed.

His function is to buy the farmer's cotton whenever it is offered for sale, finance it, assort it into even-running lots, and carry it until he can find a consumer-purchaser somewhere in the world.

Obviously there is a speculative risk involved.

The merchant desires to avoid this risk in so far as he possibly can. There is enough unavoidable risk involved, in grade differences, in the ever-changing state of trade, in the rise and fall of the purchasing value of gold, in the rise and fall of dollar and sterling exchange, in the swing of freight rates, and the like.

And so he has set up the system known as hedging for his protection.

This system enables not only merchants but consumers and producers to shift the financial risk of price changes from themselves to speculators who, in the belief they can read the future, buy and sell the speculative end of hedge contracts in the hope of making a profit.

The speculator's profits do not come out of the farmer's pockets, and the speculator's losses do not pass to the farmer. The speculator's function is to vitalize and to ease the way of commerce and enterprise, to make possible a market where for the time being none exists, and to balance the market when it swings so far in either direction as to choke off trade.

He renders a valuable and helpful service to producer, middleman, and consumer alike. Without him world trade in cotton and its products would be on a smaller scale than it is.

Without him there would be no daily cash market always available to the producer and no ever ready supply to consumers.

Without the speculator, who normally is ever ready to assume risk, middlemen would from sheer necessity be compelled to greatly widen the spread between the price the producer receives and the price the consumer pays.

In recent months speculators have almost wholly withdrawn from the cotton market, not because the price of cotton is too high or too low, but because artificial control of the market has

destroyed the normal functions of the market and rendered cotton unattractive to investors.

A speculator will readily buy cotton at 25 cents a pound when the law of supply and requirement is working freely, but he will not buy it at 10 cents a pound when, temporarily, the law of supply and requirement is being interfered with.

A CHANGING ENVIRONMENT

In an economic sense the United States has changed from an agricultural country and a seller of raw materials to an industrial country and a seller of the finished articles of commerce, under a scientifically devised system of industrial mass production.

But we continue to produce a surplus of agricultural products which are dependent on overseas markets for an outlet and then attempt to peg the value of the surplus, thus closing world outlets to us.

Either we must meet competition abroad or we will be compelled to hold on to our surplus and keep it inside the United States. Artificial support of the price of such surplus not only will prevent the remainder of the world from buying from us, but, if sufficiently strong, will encourage imports of similar material in spite of protective tariffs, when other countries possess a surplus.

The outcome is variously interpreted.

Some people profess to believe that the power of the Federal Government is great enough to force and hold the primary value of cotton in the United States above a world parity, even though it has no power to control production at home or abroad.

Others see in such an attempt the ultimate closing of world markets to American grown cotton, and a reduction in consumer-buying power available to American producers to tariff-protected American mills supplying domestic cloth markets alone.

Some economists see ahead merely the piling up of surplus cotton in nonconsumer hands, an enormous temporary speculative investment by the Government, and an ultimate breakdown of the whole scheme with consequent temporary disaster to producers during the readjustment period incident to the reestablishment of normal economic procedure.

Still other economists see ahead, as a result of the experiment, a permanent weakening of America's cotton market position, a permanent advantage to cotton producers other than American, and a greater impetus to oriental mill expansion than would have been the case had the American cotton market been left free to deal, in a normal way, with the problems presented by business depression and oversupply of raw cotton.

There is no fundamental flaw in the marketing machinery trained business men have set up, and there was no need for the setting up of duplicate marketing machinery by the Government.

The trouble lies in another direction.

Farm economy within the United States is based on living conditions inside the 3-mile limit and not upon the competitive trade conditions encountered abroad.

Industry, confronted by the same problem, turned to science.

Agriculture turned to Congress and got the Federal agricultural marketing act.

American cotton can regain its lost overseas markets if the normal competitive functions of the cotton trade be permitted to again function without artificial restriction.

But if American producers are to enjoy satisfactory compensation from their enterprise some radical improvement in farm economy will have to be made.

Cost of production will have to be reduced.

Better seed will have to be used.

Poorer lands now in cotton will have to be used for other purposes.

Greater care will have to be made to balance supply and requirement.

Cotton farms will need to become more nearly self-sustaining, to the end that producers will not be so seriously pressed for cash in the fall.

The production of fewer high-cost bales will not solve the cotton producer's problem. The ultimate of such a course will merely be the closing of world markets to him and the curtailment of his enterprise by 50 per cent or more.

ELIMINATING ERROR THROUGH TRIAL ALONE

In every direction, save in cotton and wheat, liquidation of a most drastic character has taken place in the United States, and business in many lines is now ready for a new era of expansion and prosperity.

In periods of active employment and large business profits, values tend upward, to a point where ultimately they check consumption. Surpluses accumulate. Profits decline. Unemployment develops. Liquidation starts.

Raw material declines in value, because plentiful. Converters buy raw material because it is cheap, turn it into the finished articles of commerce, and then induce trade by selling at values low enough to attract buyers, even in periods of depression.

Buying and selling start anew. Closed factories reopen. Employment becomes more general. Business revives.

The entire process depends upon economic freedom for business—freedom to buy and sell, to build, to open new markets, to reach out, to invest, in the knowledge that sound business judgment will not be upset by some artificial factor which can not be discounted in advance.

Every business man possessing intelligence and vision knows that while fundamental economic law does not change, the economic environment in which he must work does change, and that

after every swing of the business pendulum some new factors not previously in the picture develop.

The World War radically changed the economic environment of the United States.

Prior to the World War the United States willingly exported raw materials, borrowed foreign money, and in many respects reflected the characteristics of a pioneer country.

Now the United States has the capacity for enormous industrial production and in order to function fully must annually produce a large surplus of manufacturers and sell that surplus in overseas markets in competition with every industrial nation on the face of the globe.

The United States also holds cash reserves of such monster proportions that the country is literally compelled to seek overseas investments in volume just as Europe did before the war.

Obviously some people no longer desire to export raw materials, but do desire to export the finished articles of commerce in order to promote the most profitable of enterprises.

In the case of cotton and wheat this desire has resulted in some economic complications of grave importance, the outcome of the efforts of Government to aid agriculture, which have thrown the American-produced commodity out of parity with world values, thus injecting a check on the sale abroad of our surplus.

Because of artificial support, made possible by Federal funds, wheat values in the United States are now relatively so high as to create the fear of importations, even in the face of high tariff and the presence of a burdensome surplus.

Because of governmental interference with the normal processes of business the very merchants upon whom cotton producers have always depended for a market—the merchants who paid the farmer competitive cash prices for all the cotton he desired to sell, hedged it, and held it until spinner buyers were ready to take it—are not now able to function normally. Thus, most valuable buying power, even in a period of depression, is being denied the cotton market.

Consequently, because of artificial conditions now existing as a result of the Government's experiment in marketing and stabilization, neither wheat nor cotton is passing into trade and consumers' hands in normal volume, and the surplus of neither is contributing normally to the redevelopment of business, the lessening of unemployment or to the reduction in the cost of living.

Liverpool reports that Egyptian, Indian, and Russian cotton are being substituted for American cotton, thus lessening American exports.

Merchants, whose hedges were squeezed last May as a result of the Government's operations in the future market, are avoiding a repetition of the experience by the safest way they know; that is, by not acting as cotton merchants for the time being.

Mills which paid the penalty for overconfidence in the ability of the Government to stabilize cotton values around 16 cents now prefer to buy raw cotton for immediate use only.

Many speculators who, in the past, have carried the speculative end of cotton-price changes, thus relieving the trade of the risk, are no longer attracted to the cotton market.

And so the Government's load gets heavier and heavier, the drain on the Federal Treasury increases, and the economic end to be served becomes more complicated and more difficult.

Meanwhile the elimination of error through trial alone promises to be a costly process to producers as well as to business in general.

Obviously, under Government control of the cotton market, American cotton producers are rapidly losing their friends, their markets, and their outlets.

Were the Government to impound the surplus cotton it now holds and keep it off the market for a definite and announced period of time and turn the cotton market loose, the cotton trade would quickly regain America's lost market and sell the remaining supply into consumption.

The time for economic rather than political thought regarding such matters has come.

COMPETITION OF FOREIGN GROWTHS

A city-planning engineer, Russian-born but educated in the United States, who is now in charge of the planning of the villages, towns, cities, terminals, transportation, and the like in the cotton-growing region of Russian Turkestan, writes that every effort is being made to develop every possible economy in handling and marketing.

Great Britain by impounding the waters of the Nile for irrigation is greatly extending the North African cotton-growing industry.

World consumption of Brazilian-grown cotton in the year just closed showed a great increase over the previous year.

Constant and systematic efforts are being made to improve the quality of Indian cotton.

It is a well-known fact that the average quality of United States grown cotton has been deteriorating, largely as a result of the planting of quick-maturing short-staple seed.

Last year 1,400,000 bales of foreign-grown cotton were substituted by consumers for United States grown cotton, which narrows the market for United States cotton very seriously.

A remedy for this drift against United States grown cotton would seem to lie—

(1) In removing all possible restrictions from the marketing of United States cotton;

(2) In applying the same type of American business genius to effecting greater economy in the production of cotton that has been employed to so reduce the cost of industrial production, even

in the face of high wages, as to enable the United States to sell in competition with the world.

Were the cost of producing cotton reduced to 5 cents a pound, the United States would control the world's cotton market during generations to come without fear of effective competition by foreign growths, and with mighty little fear of overproduction in the future. At such a cost world consumption would radically increase, many new uses for cotton being found, and American producers would collect profitable prices and enjoy economic comfort.

Nobody can say that this can not be done, because no competent effort has ever been made to do it.

An annual yield of 20,000,000 bales, produced at 5 cents a pound and sold at 7½ cents a pound, would bring prosperity of a new order to the South.

REPORTS FROM LIVERPOOL

Liverpool is truly a world market for cotton. It buys the best cotton it can get for the least money. It plays no favorites. In the past year Liverpool merchants have feared the effect of Government control of the American cotton market.

Here are some informative statements taken from recent letters received from Liverpool:

One cotton house is importing 12,000 bales of Russian cotton in a single consignment.

The Lancashire Cotton Corporation, which recently took over 85 mills, many in trouble, reports 50 of its mills now running full time. Seventy-five per cent of the cotton used by these 50 mills is now Indian cotton.

One Liverpool firm reports that it is now handling 300 bales of growths other than American where it handles 100 bales of American.

A Liverpool correspondent reports consumption of cotton in Lancashire, as follows:

	1929-30	1928-29	1927-28
American.....	1,404,960	1,958,090	1,962,166
Peruvian.....	144,120	180,597	276,704
Brazilian.....	302,726	97,388	81,532
East and West African.....	107,491	71,556	103,722
East Indian.....	255,962	212,292	161,755
Total consumption.....	2,610,221	2,983,713	3,072,698
Average weekly consumption of all growths.....	49,250	57,380	59,060
American percentage of total consumption.....	53.83	65.61	63.85

BALANCED ECONOMY

Human beings waste more in the United States than in any other country. They also devote less thought to the development of a balanced domestic economy than do other peoples. The result is a far greater cost of living per unit of population than in most other lands.

This greater cost has to be taken care of in some way. In industry it has been taken care of by mass production and the use of an ever-improving type of machinery.

In agriculture it has not been taken care of at all, at least not where export farm products are concerned.

American farmers expect, and the Nation desires them, to enjoy the same comforts of life that other people have—good roads, automobiles, modern plumbing, wholesome food, etc. But to have these comforts, the farming industry must develop its economy if it would continue to compete in the sale of its product. It must make its labor, its energy, its thought, and its land produce more and more at less and less cost.

In the last analysis, there is no overproduction of cotton and wheat. There are lots of hungry and unclothed people in the world. The distribution system is at fault.

The best distribution system skilled business men have been able to devise, even when working without artificial restraints, does not solve the problem wholly. It draws buyer and seller together with greater ease and facilitates distribution in many ways, but it can not pass surplus cotton and grain to people who have nothing with which to pay for them. But when the normal distribution system be handicapped by artificial factors, such as have been injected by the Government into the American market for cotton and wheat, the surplus tends to accumulate in nonconsumer rather than in consumer hands.

INTERPRETATION OF OUTCOME

Thus far Congress has given the Federal Farm Board \$400,000,000 of taxpayers' money out of the Federal Treasury, and an additional \$100,000,000 is being asked for.

That money is being used, under the new and strange powers conferred by Congress in the Federal agricultural marketing act, to do things never before done in the United States, the effect of which is to inject into the normal functions of the country new influences, new factors, and new business conditions.

American business has never before been called on to deal with anything similar to the economic environment that the Government's acts have created in the commodity markets.

Hence, many business men who, in past periods of surplus production and price depression, have accumulated commodities in anticipation of a redeveloping consumers' demand are not now functioning normally as buyers, because they do not know when the Government will let go or just what to expect in the way of an outcome.

The collapse of Brazil's coffee-valorization scheme, long heralded as the world's greatest and most powerful attempt to stabilize the value of a world-used commodity, is fresh in their minds. Brazil

had the power to absolutely control production in Brazil and did so. But it could not control production in other countries, and rapidly increasing production in other countries caused the complete failure of Brazil's scheme.

The attempt, under the Federal agricultural marketing act, to peg wheat in the United States, where there is an exportable surplus, at values above a world parity has resulted not only in preventing exports but in the threatened importation of wheat even in the face of a very high duty.

The attempt to hold American cotton at above a world parity has reduced exports, caused Europe to substitute Russian and Egyptian for American cotton wherever possible, and has made mere sideline observers out of many merchants who in all previous years, when trade was good or bad, have bought for cash all the cotton the producers offered them and carried it in an orderly manner until required by consumers.

Were those merchants now free to function without fear of the consequences of artificial influences, they would buy cotton, sell hedges in the normal course of business, and then seek consumers' outlets just as they have done in all previous seasons. This they do not now desire to do, not so much because of the business depression as because of the abnormal market conditions resulting from the Government's acts.

The outcome is variously interpreted.

Some people profess to believe that the power of the Federal Government is great enough to force and hold the primary value of cotton in the United States above a world parity, even though it has no power to control production at home or abroad.

Others see in such an attempt the ultimate closing of world markets to American-grown cotton, and a reduction in consumer buying power available to American producers to tariff-protected American mills supplying domestic cloth markets alone.

Some economists see ahead merely the piling up of surplus cotton in nonconsumer hands, an enormous temporary speculative investment by the Government, and an ultimate breakdown of the whole scheme with consequent temporary disaster to producers during the readjustment period incident to the reestablishment of normal economic procedure.

Still other economists see ahead, as a result of the experiment, a permanent weakening of America's cotton-market position, a permanent advantage to cotton producers other than American, and a greater impetus to oriental mill expansion than would have been the case had the American cotton market been left free to deal, in a normal way, with the problems presented by business depression and oversupply of raw cotton.

There is no fundamental flaw in the marketing machinery trained business men have set up, and there is no need for the setting up of duplicate marketing machinery by the Government.

The trouble lies in another direction.

Farm economy within the United States is based on living conditions inside the 3-mile limit, and not upon the competitive trade conditions encountered abroad.

Industry, confronted by the same problem, turned to science and developed mass production.

Agriculture turned to Congress and got the Federal agricultural marketing act.

If American cotton producers are to continue supplying cotton to foreign mills in competition with producers in other lands, a radical improvement in American farm economy will be necessary. Costs of production will need be reduced. Better seed will need be used. Less productive lands will need be turned to other uses.

The production of fewer high-cost bales will not solve the problem, no matter how much taxpayers' money the Government may sink in marketing and stabilization schemes.

If American cotton producers are to withdraw from world markets, then more than a 50 per cent reduction in production will be permanently necessary to strike a balance.

Before the passage of the Federal agricultural marketing act, Congress heard a great deal regarding the distress of the farmers and also learned that the 120,000,000 people in the United States approved practical and wholesome Federal aid for the farmers.

But what Congress did not hear in an adequate way from well-informed people was what the economic effect of the agricultural marketing and stabilization scheme would be. In passing the act Congress merely depended upon trial to develop and eliminate error.

Some of the errors in economy have already become apparent. Others will develop later.

Meanwhile a searching inquiry into the economic effect of the experiment, if made now, might result in revitalizing trade buying power. Certainly such an inquiry, by letting in needed light, could do no harm.

ROTTERDAM REPORT

The report of the board of directors of the Rotterdam (Holland) Cotton Association, presented at the general meeting of the members held November 14, 1930, contains the following paragraphs:

"A remarkable factor for this season also was the reduced consumption of North American cotton, compared with an important increase in the consumption of Indian and other growths. During the last three years the consumption of North American cotton amounted to about 15,000,000 bales annually, while this year it amounted to about 13,000,000 bales, thus nearly 2,000,000 bales less.

"The total consumption of all kinds of cotton amounted this season to 25,209,000 bales against 25,882,000 bales in the previous season.

"These figures show that there is only a small decline in this year's world consumption and consequently the reduced con-

sumption of North American cotton has been replaced by a larger consumption of Indian and other growths.

"On account of the cheaper prices of Indian and other growths mills have been encouraged to use these kinds instead of North American cotton in order to reduce their costs.

"With regard to the cotton trade at Rotterdam, we beg to state that the importation of all kinds of cotton (linters/waste excluded) this year August 1, 1929-July 31, 1930, amounted to 248,940 bales (see supplement 3) as follows:

North American.....	bales.....	140,894
East Indian.....	do.....	69,257
Egyptian.....	do.....	18,474
Other growths.....	do.....	20,315

"This shows an increase in this year's imports of 19,619 bales compared with last year, principally caused by an important increase in the import of East Indian, Egyptian, and other growths against a reduction in the imports of North American cotton of 23,598 bales.

"The deliveries of cotton imported at Rotterdam amounted this year:

To the Netherlands.....	bales.....	164,818
To foreign countries.....	do.....	80,476

ECONOMIC EFFECT OF MARKETING ACT

Before the Federal Government injected itself into the field of business in an attempt to become a large-scale cotton factor, cotton merchant, cotton warehouseman, and cotton exporter; trained and experienced merchants, each a competitor of all the others, bought the farmer's cotton, as it was offered for sale, paid the farmers cash for it, sold a future hedge against such purchases, borrowed from the banks 90 to 100 per cent of the value of such hedged cotton in order to buy more cotton, and then sought spinner buyers. Should sales to spinners not have taken place at the time the hedge approached a spot month, the merchant would transfer his hedges into later months.

In this way, every crop, the largest as well as the smallest, was absorbed and carried between the period of production and consumption, and finally disposed of to consumers. In every case the farmer received the full cash value imposed by competitive buying and warranted by the relationship supply bore to requirement.

Spinners bought cotton to meet their requirements for long periods ahead. This they did either through the purchase of future hedges, or through contracts with merchants, known as forward commitments.

Under this orderly process of business, spinners and mills were able to sell yarns and cloth months and sometimes years ahead of production, while merchants were able to buy cotton whenever the farmers offered it for sale, hedge it, and carry it until the spinner desired supplies.

The Federal marketing and stabilization experiment has brought some new and artificial factors into the market, which have made it an abortive thing. Consequently, merchants have largely retired from their normal function of buying the farmers' cotton and carrying it in an orderly way until spinners require it, while spinners have largely turned to a system of buying for immediate use only. Thus an enormous potential buying power is not now operating in the cotton market.

One of the causes of the merchants' withdrawal was the May squeeze in the future market last year. One merchant puts the case thus:

"Millions from the Federal Treasury were used to corner the May position last year to such an extent that merchants who had purchased cotton in the expectation of selling it to spinners could not transfer their hedges. This caused serious losses to the merchants. They do not care to risk a similar experience. Hence, merchants, for the most part are now keeping out of the market with their enormous buying power."

Explaining the spinners' hesitancy to use their buying power, this merchant says:

"Many spinners bought cotton at 16 cents, the price around which they were told the Government would stabilize cotton. Stabilization failed, and these spinners are now forced to use 16-cent cotton to spin yarn which can be sold only on a basis of 10-cent cotton. They fear a repetition of that unfortunate experience. Hence, they now buy cotton only in a hand-to-mouth way."

With the great normal buying power of the market largely eliminated, the Government now stands pretty much alone as a buyer, and must absorb practically all the cotton offered, and for which there is no immediate spinners' requirement.

Such a situation is lacking in economic soundness.

Brazil, with the power to control production in Brazil, tried to control the supply of coffee available to merchants and failed utterly as a result of world competition.

The Federal Farm Board, without the power to control production even in the United States, is attempting to control cotton prices, and in the process has driven out of the market the very buying power upon which the market has depended in the past.

Mr. SMITH. Mr. President, like the Senator from Tennessee [Mr. McKellar] and others interested in this very important work of the Farm Board, I believe there has been a misapprehension on the part of the Senate, the public at large, and the Farm Board as to the purpose and object of

the legislation creating that board. Certainly the policies put into operation by the Farm Board have been far afield from my conception of the purposes as stated in the legislation.

One element in this farm problem about which the Farm Board, the public at large, and Members of Congress have heard ad nauseum has been the question of the surplus, overproduction, as old as the problem of agriculture.

The difficulty which arises in regard to overproduction is a very curious economic problem. Consumption of the staple agricultural products is perennial; it is continuous. To illustrate what I mean, the so-called surplus or carry-over of cotton for each year for the last 30 years has been about 3,000,000 bales. That is the average old cotton available for the market on the 31st of July, to be added to the new production of the current year.

The question was asked whether that 3,000,000-bale surplus or carry-over represented the average excess of production over consumption. The reply was in the affirmative. If that be true, there should have been a cumulative surplus of 90,000,000 bales. But there was just the same 3,000,000 bales, which proved this fact: That as consumption was perennial and production was seasonal and annual, there being the years of short production and the years of excess production, in the long run production did not exceed consumption. It was only temporary and seasonal. But the effect of a temporary surplus under the unorganized and unfinanced condition of the farmer produced a disastrous return for the entire crop, for the reason that, having no resources and having to dispose of his entire crop as rapidly as gathered, he had to put a year's supply on the market in about 90 days. Hence Congress passed the farm marketing act.

What was the object of the farm marketing act? Let me read from the text of the act itself its declaration of policy:

SECTION 1. (a) That it is hereby declared to be the policy of Congress to promote the effective merchandising of agricultural commodities in interstate and foreign commerce, so that the industry of agriculture will be placed on a basis of economic equality with other industries, and to that end to protect, control, and stabilize the currents of interstate and foreign commerce in the marketing of agricultural commodities and their food products—

(1) By minimizing speculation.
(2) By preventing inefficient and wasteful methods of distribution.

(3) By encouraging the organization of producers into effective associations or corporations under their own control for greater unity of effort in marketing and by promoting the establishment and financing of a farm marketing system of producer-owned and producer-controlled cooperative associations and other agencies.

(4) By aiding in preventing and controlling surpluses in any agricultural commodity, through orderly production and distribution, so as to maintain advantageous domestic markets and prevent such surpluses from causing undue and excessive fluctuations or depressions in prices for the commodity.

(b) There shall be considered as a surplus for the purposes of this act any seasonal or year's total surplus, produced in the United States and either local or national in extent, that is in excess of the requirements for the orderly distribution of the agricultural commodity or is in excess of the domestic requirements for such commodity.

I have read far enough to give an outline of the policy. Now, as to the stabilization corporations: I want the RECORD to carry this so that the public and those who are interested in the success of the Farm Board may understand what we had in view when this farm marketing act was passed. It proceeds to speak about how we shall go about controlling the surplus, what we shall do, what they are ordered to do under the law, what they are permitted to do, and what they are expected to do. Here it is:

SEC. 9. (a) The board may, upon application of the advisory commodity committee for any commodity, recognize as a stabilization corporation for the commodity any corporation if—

(1) The board finds that the marketing situation with respect to the agricultural commodity requires or may require the establishment of a stabilization corporation in order effectively to carry out the policy declared in section 1.

Which I have just read.

And the board finds that the corporation is duly organized under the laws of a State or Territory.

Then skipping two or three paragraphs which are not important to the point I am making:

(b) Any stabilization corporation for an agricultural commodity (1) may act as a marketing agency for its stockholders or members in preparing, handling, storing, processing, and merchandising for their account any quantity of the agricultural commodity or its food products, and (2) for the purpose of controlling any surplus in the commodity in furtherance of the policy declared in section 1 may prepare, purchase, handle, store, process, and merchandise, otherwise than for the account of its stockholders or members, any quantity of the agricultural commodity or its food products whether or not such commodity or products are acquired from its stockholders or members.

Mr. President, the board, under the stabilization corporation, are given the power to go into the market and buy from members or nonmembers the surplus that is depressing the market and remove it from the market. The whole conception of the Federal farm marketing act was that, as the production of wheat and cotton and staple agricultural products is seasonal, there will come years, as there have come years, when the amount produced on the same acreage would be in excess of that year's demand or the temporary demand for the article. Therefore the board was created for the purpose of buying the surplus wheat, cotton, tobacco, or whatever it might be and retiring it from the market, so that what was left would be under the influence of or in accordance with the law of supply and demand. The theory was that the board would hold the surplus and when there would be a short year would feed it back onto the market as the law of supply and demand justified. We had realized that a temporary surplus in wheat or cotton had a disastrous effect upon the producers for that whole year. The idea was that as the consumption for over 100 years had taken up all the temporary surpluses we would provide an agency that would take the surplus off the market, as the speculative trade takes it off, and hold it until such time as there was a demand for it at a reasonable or profitable price, and then feed it back on the market.

I have seen no evidence at all where the board, even using their authority to establish a stabilization corporation for cotton or wheat, have made any serious effort to do the thing that the law requires them to do, or at least that the law was enacted for them to do, namely, to take the physical matter off the market; take the actual wheat and retire it from the market until such time as the demand should justify them in feeding it back on the market. At first blush it looks as though it would have required an enormous volume of capital to take, as this year, for instance, 6,000,000 bales of cotton from the market. At \$50 a bale, which is the present current price for middling cotton, the basis upon which we trade, it would apparently require \$300,000,000 for that purpose. But in reality it would not take any such original capital on the part of the board.

Cotton is as good bankable collateral as wheat—perhaps better. It is nonperishable. It is a world-demand article. It is used wherever there is civilization, semicivilization, and even where there is no civilization at all. Ninety per cent of the people of the earth use cotton in some form or other. It is a universally used article. Therefore it is one of the best bankable collaterals that the world knows. The board would only have had to put up a certain per cent of the price, hypothecated its paper to a member bank of the Federal reserve system, and received the balance, and with \$100,000,000 allocated to them for the stabilization of cotton they could have retired 8,000,000 bales of actual, physical cotton from the market. As soon as they ascertained that the price of cotton was below the cost of production by virtue of the surplus, their duty under the law was to go into the market and buy the surplus, at least up to the price of the cost of production, and retire it from the market so the law of supply and demand might operate for the benefit of the producer.

There is no indication in the law, from the first paragraph to the last, that they should go into the futures market and buy cotton on the board in order to get rid of the surplus or aid the farmer in financing his surplus. My object in supporting the bill was to get just as far away as possible from any speculative venture on the part of the board. I

know that according to their own testimony the stabilization corporation has but 1,300,000 bales of cotton. I am under the impression that that is not of the production of 1930, but that it was cotton perhaps that was held over from the crop of 1929, which was held by certain cooperative organizations whom they relieved by taking the cotton into the stabilization corporation.

Mr. President, I am loath to give up what I consider a good law, the object and intent of which, if carried out in good faith, would go largely toward solving the problem of the equitable and profitable control and distribution of our surplus in the staple agricultural commodities. We should have called the board in before the Committee on Agriculture and Forestry or some other committee of the House or Senate and given them to understand what we considered to be the intent and purpose of Congress, so far as they were our agents in carrying out the purposes of the act. I believe even now the board should begin the purchase of wheat and its retirement from the market. If, according to this law, they were convinced that the present price of American wheat is below the cost of production or below a reasonable return to the producer, and that it was caused from an overproduction, they should begin to buy it and retire it from the market until such time as the amount left would respond to the law of supply and demand. The same is true as to cotton. In this law we have told them to do that very thing.

If it be true, as it is alleged, that they have not bought the physical article but have relied upon the effect that their purchases may have in the speculative or futures market, we ought not to give them one dollar more. The purpose of the law is absolutely plain. We can not retire the surplus by buying tissue paper on a speculative market. We can not create a demand by selling cotton to the mills. The physical stuff itself must be taken off the market until the trade, in order to get a supply, is willing to pay a reasonable price for what is available to them.

It is of no use for us to attempt to discuss the matter unless we discuss it in the light of the plain, explicit, and implicit features of the law, which provides that the board, acting in its capacity through its stabilization corporations, shall go into the market, not as a cotton broker but to relieve it of a temporary surplus, and shall hold and control that surplus so as to justify a reasonable return to the producer. That is all that is provided in the farm marketing act. A careful and critical study of it will reveal nowhere that the board are justified in going into the futures market nor even is it intimated that they shall do it.

The law provides that when they shall find there is a surplus in excess of the demands and that surplus is producing a disastrous effect upon the producer, then the stabilization corporation may, without regard to whether they buy the commodity from a member of the cooperative organization or not, go into the open market and take from the open market a temporary surplus and hold it until such time as they may distribute it without distress to the producer.

That is the object of the law. That is its purpose. We ought to insist that the board shall carry out the purpose of the law, buy the wheat, buy the cotton, and retire it from the market until such time as it may be distributed in such a manner as not to precipitate an excess supply during the short-period time. It was on the theory that the farmer, unorganized and without financial resources, had to dump his wheat and his cotton and his other farm products on the market as fast as gathered, because he had to meet the obligations incurred in their production, that the board was created to be a unified corporation through which he could find relief as he did not have it theretofore or from other sources.

Mr. President, I am perfectly willing to vote \$100,000,000 or twice that amount; yes, three times that amount, or as much as is essential for the board to try, by relieving the market of the surplus, the experiment as to whether they can in subsequent years distribute that surplus to the benefit of the American wheat and cotton producer; but I am not willing to vote to give them \$1 to sell the wheat and sell

the cotton and buy speculative futures, hoping that there may be a turn in the market and that they can beat the gambler at his own tricks. I know well enough, from the experience of those who have fooled with the futures market, both in wheat and cotton, that they will sell the bread out of your mouth and the shirt off your back if you dare to walk into their domain. There is, however, no answer when the physical commodity upon which they must depend is under your control; and that is what the board was set up for, namely, to get the actual physical commodity and retire it.

Mr. President, I have been amazed at what seems to have been the policy of the board. I confidently expected that under the terms of the act they would enter the wheat market and the cotton market, not as brokers, but, in response to the provisions of the law and according to their judgment, to buy what they had ascertained was the excess supply of these commodities. In my opinion, had that been done, wheat would have been back to a profitable price, and the same would have been true as to cotton. In spite of the world-wide depression, the world's consumption of cotton and wheat is very little below normal, and I do not see why the price may not be stabilized by a proper handling of the surplus.

I suggested to the board that, after having purchased the surplus and taken it from the market, in place of storing it and paying the carrying charges added to it—and Mr. Legge in his testimony complained that the money the board has invested has been added to by the carrying charges, insurance, storage, and interest—in place of waiting for the subsequent lean-production years, it could enter into contracts with the wheat growers and the cotton producers to allocate to them the physical surplus already on hand, the producers to agree not to reproduce it in 1931. In that way the board could get rid of the surplus wheat for the benefit of the wheat producer and of the surplus cotton for the benefit of the cotton producer.

Suppose there were 6,000,000 bales surplus to be carried over and the board had it in its possession. It is notorious that the price of cotton is from \$25 to \$30 a bale below the cost of production. The board could have allocated that cotton or could have contracted with the farmers to finance their 1931 crop in an amount equal to their production in 1930, if that farmer would agree not to plant any cotton and to take such amount of the surplus as would equal his 1931 crop, or, if he did not want to release his entire acreage and use the surplus for his 1931 crop, then he might agree to such an arrangement as to 50 per cent of it. That would be tantamount to this: The half crop that he makes in 1931, supplemented by the half crop that the board furnishes him out of the surplus, would give him a crop equal to what he would make in 1931. Somebody has that surplus; somebody is going to carry it over; and if a short crop is made in 1931 and the price rises, those who have bought it at the ridiculously low prices will be the beneficiaries of whatever rise there may be in the market.

The producer will only get the rise in the small crop he makes this year, when it would have been absolutely feasible and practicable for the board to have already financed the 6,000,000-bale surplus and then allocate it among the farmers so that there would be guaranteed a reduction in the acreage, the farmers would be guaranteed an increased price, diversified farming would be encouraged, and the farmer would be guaranteed a profit on what is now a menace to him, namely, the surplus.

Mr. HEFLIN. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Alabama?

Mr. SMITH. I yield.

Mr. HEFLIN. Has the Senator explained just how the farmer would buy the cotton from the board, what security he would give, and how the board could protect itself and make the transaction absolutely sound?

Mr. SMITH. Mr. President, the plan seems to me to illustrate itself. Everybody knows if we make a normal crop of cotton this year, that adding 6,000,000 bales of old cotton

to it is bound to break the price. My idea was that if the board had this 6,000,000-bale surplus, or whatever it is, of cotton, had bought it under the act, they could have come to me and said, "You made a hundred bales of cotton last year; you will probably plant for a hundred bales this year. If you will make a hundred bales, and the South makes its usual amount, we will have 6,000,000 bales added to it, which is going to ruin the price in the fall of 1931. If you will agree to take 100 bales of this surplus and will sign a contract not to plant any cotton on your land, we will hold a hundred bales of this surplus for your account. We want to get enough cotton producers to sign such contracts to take up the 6,000,000-bale surplus, so that it may be subtracted from the prospective supply of 1931. That will bring you up to the fall of 1931, with the surplus gone, and probably the half crop produced in 1931 added to the half crop carried over will give you a normal price and will not cost you a penny."

Mr. HEFLIN. The farmer would buy that cotton at the present price?

Mr. SMITH. Yes; at the present price.

Mr. HEFLIN. And if cotton goes to 20 cents a pound next fall the farmer would get the difference between the present price and the 20 cents a pound?

Mr. SMITH. Yes; he would get that difference. The object of the farm marketing act was to take the surplus off the market and give the farmer a reasonable profit. It sets forth the policy of Congress to put agriculture on a basis of economic equality with other industries. The plan that I suggested to the board was simply, in my opinion, an expediting of or anticipating of lean production years that may come in the future by selling the surplus back to the farmers, the board just holding it. The farmer would not have to put up a dollar; all he would have to do would be to sign a contract that he would not plant cotton for this year, the board to hold the cotton.

Mr. HEFLIN. And therefore he could not lose anything?

Mr. SMITH. If there is anything in the law of supply and demand, he would be bound to gain. Because of the presence of the surplus, the known fact that a surplus is on hand, the known fact of what the cotton acreage is in the South, and the knowledge that that acreage may be utilized, cotton is selling now around 10 cents a pound. If it were known this afternoon that contracts had been signed whereby out of 48,000,000 acres fifteen to twenty million would be retired from cotton planting in 1931, and that the board had allocated the surplus amongst the producers, and therefore half of the crop would be made in the warehouse, what would be the result? A member of the board said to a group of men composed of Representatives in Congress and Senators that if that were done the price of cotton would go up so high before planting time that the farmers would not sign the contracts, showing that the board recognizes that if they were to control the surplus it would have the desired effect.

Mr. President, after a careful study of the agricultural marketing act and the plan that I submitted to the board the responses that have come lead me to believe that a vast number of people, regardless of whether they are wheat growers or cotton growers, have recognized the sound economic principle involved in the plan which I suggested to the board. The other night I discussed this question over a nation-wide radio hook-up. Since that time I have received letters from, I believe, every State in the Union. I received one yesterday from Seattle, Wash. Those who write the letters recognize the necessity for the control of the surplus, which is always temporary but disastrous, and they recognize the feasibility of reallocating this surplus to the producers in such a way as to make the producers the beneficiaries of any subsequent rise in the price.

Mr. President, reiterating what I said a moment ago, I am perfectly willing to vote sufficient money to the board to enable it to carry out the purpose of the agricultural marketing act in the manner provided by that act, but I do not feel like voting money for the board to attempt to influence the market for speculation or dealing in futures.

Mr. HEFLIN. Mr. President—

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Alabama?

Mr. SMITH. I yield.

Mr. HEFLIN. If the Senator will yield just there, I desire to read at this point two or three lines from Dr. Bradford Knapp, president of the Polytechnic Institute of Alabama. He spoke at Atlanta on February 4.

Leaders in agriculture and education in the South were warned here to-day by President Knapp, of the Alabama Polytechnic Institute, that the social and economic structure of the South will be undermined unless problems of the farmer are solved to enable him to have an income and the comforts of life comparable to those who live in the cities and towns.

Again, he is quoted as follows:

Ease and luxury in our cities and towns at the expense of lowering standards, misery, and distress of the people who work in the country will some day undermine the very foundations of this Government.

Mr. SMITH. Yes, Mr. President; and it may be observed just here that whenever a question of farm relief comes up it is a matter of indifference. I do not believe that is because of any real indifference on the part of the Senators; but they just seem to have no idea about the processes of the market and how to aid agriculture.

I hate to draw comparisons; but let us have up here an appropriation bill or other bill for the Navy, and the Senate is crowded with interested individuals. Let us get up a banking question here, and the interests crowd these seats. But when it comes to the product that clothes and feeds and shoes the organized society of America it is a matter of total indifference.

I would deplore the failure, perhaps through a false policy, of this honest attempt on the part of some Congressmen and Senators to set up machinery by which agriculture could be aided. Let us insist, as the creators of this machinery, that the machinery shall run according to the purpose and object for which we instituted it, namely, the control of the surplus that will occur almost any year.

The mere fact that the board have made a mistake in their policy is no reason why we should absolutely discard our effort. Let us speak plainly to these gentlemen of the board and give them to understand that they must come out of the wheat pit, come off the cotton exchange, and deal with the physical thing itself. Men do not make bread out of tissue-paper contracts for wheat, nor do they spin cotton out of tissue-paper contracts for cotton.

Mr. BLACK. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Alabama?

Mr. SMITH. Yes.

Mr. BLACK. I understand that the Senator is opposing the use of Federal money by the Farm Board for gambling in cotton and wheat.

Mr. SMITH. I am opposed to their using these exchanges for the purpose of trying to reduce the surplus and consume the product.

Mr. BLACK. I will say to the Senator that I expect to offer an amendment to the bill which will prohibit the use of Federal money for that purpose, and I hope to get a record vote on it in the Senate.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from South Carolina yield to the Senator from Utah?

Mr. SMITH. I yield.

Mr. KING. I am always interested when the Senator discusses agricultural questions, because of his comprehensive knowledge of this subject. I am wondering just what the panacea of the Senator is for dealing with the farm problem.

If I may trespass on his time for a moment, the Senator from Alabama [Mr. HEFLIN] a moment ago read a statement showing the disparity between the advantages of those living in the city and the advantages of those who live upon the farm. May I say by way of parenthesis that I think there is as much poverty, perhaps more, in the cities of the United States than there is upon the farms. The Lord

knows there is poverty enough in both places; but I wonder just what measure the Senator would recommend to meet the situation.

We have given the Farm Board \$400,000,000. I think a great part of it has been improvidently used; and a great part of it will never be returned to the Treasury. I think the board has acted very unwisely in its speculative activities. What I want the Senator to tell us, if he will do so, is, how are we going to control the surplus? What organization, if any; what instrumentality, if any, should the Federal Government set up? Or should we leave it to the farmers themselves, to their genius and to their courage, to meet the problems incident to their agricultural activities, just as we leave it to the small business man, the storekeeper and others, the lawyers, the doctors, and so on, to settle their problems?

Mr. SMITH. Mr. President, the trouble about the agricultural problem is that we deal with millions of individuals as producers, in contradistinction to hundreds of manufacturers; and the problem is infinitely greater because the process of germination—the “dead work,” as the manufacturers call it—is provided by nature.

Any man who can run a furrow and cover up the seed can be dead certain that there will be germination. The amount produced will then depend upon his skill in tilling the soil and fertilizing the plants. But there are millions of these people, varying from the university graduate down to the poor, ignorant negro with a bobtail ox. Each one of them can produce, and does produce.

We have set up an organization which we hoped in part would take the place of the organization in business. We hoped they would ascertain just about what the world's demand would be for a given farm product, ascertain about what the cost of production would be, and then, under the terms of this law, provide a means of taking that surplus off the market temporarily and distributing it in subsequent months and years, so that the production and distribution would run parallel with consumption in about the same proportion.

It is a notorious fact that in all the years that we have produced surplus wheat, the world has consumed it all. All the surplus cotton of all the years is consumed and gone. We had hoped that we could set up this machinery by which the producers could be advised as to the amount necessary; and if at any one time they overproduced, and the price dropped, under the plan I suggest they could notify me, the cotton grower, “Now that cotton has dropped below the cost of production, and I can buy your entire crop for less than you can produce it, I will buy it for you and hold it in trust for you if you will sign a contract that you will not reproduce it this year.” In that way they will create a lean year immediately, and give the farmer the benefit of the rise in the price and the benefit of his diversified farming. That is, he can plant anything else but the thing that has been overproduced.

It seemed to me to be a practical thing; and I do not understand why the board did not enter the market and buy the physical stuff, and then call upon the producers to aid them in absorbing it by not duplicating it in another year, guaranteeing them a profit in the surplus, and a profit in the small crop that they would produce. I do not say it is a panacea, but I do say that it is a practical solution of what threatens to be a continuous disaster.

Mr. President, I am not going to say anything more about this question now. In conclusion, I want to remark that this cotton and wheat is in existence. The board should purchase it and retire it from the market, and then use common sense in redistributing it so that it will not be duplicated in 1931, and give the producers of cotton an opportunity to make a half crop of new cotton, get the advance in the price of that, and the other half out of the surplus that is here, so that they would get the benefit of the rise in what is equivalent to a normal production of cotton.

I want to support the board; I want to help them out; but I want them to stick to the law and do the thing that I believe would have already relieved the wheat grower and the

cotton grower, and not attempt to influence the market by dealing in cotton and grain futures.

Mr. BLACK. Mr. President, is there an amendment pending at this time?

The PRESIDENT pro tempore. There is not. The bill is on its second reading and open to amendment.

Mr. BLACK. I send to the desk an amendment which I ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Alabama offers the following amendment: On page 18, at the end of line 2, insert:

No part of the amount hereby appropriated shall be expended, and no loan shall be made out of such amount, for the purpose of dealing in futures or indulging in marginal transaction or any transaction whereby contracts are made for the purchase of agricultural commodities or food products thereof where no delivery of such commodity or food product is intended; and no cooperative association or stabilization corporation shall make any expenditure for any such purpose from the proceeds of any loan made out of such amount.

Mr. BLACK. Mr. President, I do not desire to discuss this amendment. The Members of the Senate are fully familiar with the principle which is involved in it. They can vote upon it, in my judgment, as satisfactorily now as they could after a long discussion. The amendment would simply prohibit the use of Federal money in the wheat pit and the cotton exchange.

Very few individuals can get by permanently on the cotton exchange and the wheat pit without going broke. It is my judgment that the Government should not take the taxpayers' money and appropriate it for purposes of speculation with wheat or with cotton. That is the object and purpose of the amendment; and when the question comes up I desire to ask for the yeas and nays upon it.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. BLACK. I yield to the Senator from South Carolina.

Mr. SMITH. I should like to call the attention of the Senator from Alabama, who proposes this amendment, to the fact that I would simplify it, and provide that the purchase of cotton either as a hedge or contracts for the delivery of cotton on the exchange, popularly known as futures, should not be permitted by the board.

I think I caught the idea there that this money shall not be used where delivery is not intended. I think almost everyone claims when he buys a contract that he intends to deliver. I should like, by the proper wording of the amendment, to disconnect the board entirely from the exchange, and let them go on the open market and buy.

Mr. BLACK. Mr. President, I will state to the Senator that I am fully sympathetic with the desire which he has expressed. That is the intention of the amendment. It may be possible that it does not reach the subject. It was drawn, however, after conference with the legislative drafting bureau of the Senate, and I have gone into it rather carefully.

I am inclined to believe that the amendment will cover the subject. However, if there are some words which the Senator would like to have added to supplement the amendment, they will be satisfactory to me so long as they cover the subject, which is to prevent Federal money, raised from Federal taxes, from being used for the purpose of speculating in cotton and in wheat.

Mr. GEORGE. Mr. President, I would like to have the amendment reported.

The PRESIDENT pro tempore. The amendment will again be read for the information of the Senate.

The legislative clerk again read Mr. BLACK's amendment.

Mr. JONES. Mr. President, I do not pretend to know very much about the agricultural necessities in the way of legislation. That subject is handled by the Committee on Agriculture and Forestry in the Senate, and they have given special consideration to the subject. My duty and responsibility in connection with this bill, of course, is to see that the necessary appropriations are provided.

It seems to me that this proposal goes far beyond any mere limitation that has been held to be in order on appropriation bills, and under all the circumstances I feel that the matter should be dealt with by the appropriate legislative committee. Whatever recommendation it makes, of course, the Senate would give proper consideration to, but I think it ought to be dealt with in that way instead of on the floor of the Senate. So I make the point of order against this amendment, that it is not alone a limitation but that it goes far beyond the rules with reference to limitations and merely proposes to change existing law.

Mr. HEFLIN. Mr. President, the Senator from South Carolina [Mr. SMITH] has rendered a great service, not only to the South but to the country, in the speech he has made here to-day. He has offered a solution for the surplus problem which arises very frequently among farmers.

We all know that the farmer can not absolutely control production. One year he will make too much, one year he will make too little; but the Senator from South Carolina has set in motion machinery which, if adopted by the Government, will solve this problem year in and year out.

I voted for the legislation establishing the Farm Board, for the purpose of having the Farm Board go to the rescue of a farmer who had produced too much for one year's consumption. Such a farmer was not trying to commit any crime when he did that. He was putting forth enterprise and energy. He was an energetic, wide-awake farmer, trying to do the best he could, and to make what he could. Nearly everybody else tries to do that in business. When they come together at the end of the season they find that they have produced too much, and then these men, because of their energy in their industry, and because they have used their sense and exercised their strength to provide for those dependent upon them and to get along in the world, are penalized and struck down.

The Senator from South Carolina has offered a solution for that problem, namely, that the Government go to these people and say: "You have made too much. We are going to see to it that you are not made to suffer because of that. You did not know you were going to make too much. If you had known, you probably would have tried to prevent it. But you did not know it. You have a surplus. We are going to take it off the market, and we are going to sell it to you, and you cut that much out of your crop for next year."

That is good sense, and it is sound business for the Government. The farmer sees that. He sees that we are trying to help him. He says: "All right. I will cut my cotton acreage in half, and I will buy this other cotton from you at the prevailing price, cotton already produced as a surplus. Instead of making me suffer, you are going to enable me to go along and make a success out of farming year in and year out." That is what we are striving to do. That was the purpose of the law. We do these things for other business.

I call attention to an article appearing in the Washington Post to-day. We find that a building association in this city has been loaned \$910,000 by the Government of the United States. A run is made on that building association, people are getting their money out, and listen to what the paper says:

Inside and outside an all-night vigil was maintained by a sizable force of police and detectives stationed to guard the \$910,000 in bills sent there as precautionary funds by the Treasury on request from the Washington Clearing House.

The Government is going to the rescue of whom? Of people engaged in building association business in Washington. What is the matter? Their business is about to crash and fall, and I want to tell the Senate that the business of the farmers all over this Nation is crumbling down; it is falling to the ground. The farmer is selling cotton to-day, as the Senator from South Carolina has pointed out, for \$50 a bale, \$25 or \$30 a bale below the cost of production. What are we doing to rescue him? What are we doing to prevent the complete collapse of his business? He is not only selling his cotton under the cost of production but he is losing his home and losing his farm. He is in a desperate situation.

The Senator from South Carolina has a proposition that is sound, that will do the work, and what is it? That the Farm Board go to these farmers and say: "We are trying to get you to cut your acreage. Now, we are going to make it to your advantage to do it. Here is a concrete proposition. You do not have to go and break the soil, plant the seed, cultivate the growing plant, gather the fleecy fiber from the boll, gin it, pack it, take it to the market, and then meet in the market place conditions which are presented on the exchange by bear speculators. Your cotton is already made.

"If a drought comes, it does not affect your crop, which is in the warehouse. If the boll weevil comes to destroy the growing crop, the little boll in its infancy, you do not have to worry about him. Your crop is already made, and you bought it at a price \$25 a bale below the price at which you can produce it. By going into this movement you enhance the price of cotton, and when you come with your meager crop, your crop already in the warehouse, making a smaller crop than you make if you go ahead and make the usual crop with this already on hand, which would cause the price to be low, you will have a smaller crop, and the market will be keen and hungry, the cotton will sell for 15 to 20 cents a pound, and you can get the difference between the \$50 a bale you paid for it and \$100 a bale which you get when you sell it at 20 cents a pound."

Mr. President, that is as sound as can be. There is no wildcat business in this, and I do not see why the Farm Board will not go into it. They are already authorized to do it, as the Senator has pointed out in the able and unanswerable argument he has made here to-day. It is the solution of this problem.

The same thing would apply to wheat. The grain growers could come in under this provision and reduce their wheat acreage, because there would be an inducement to reduce it. They would make money by reducing it. When you convince the farmer that by reducing cotton acreage he will make money he will take a delight in doing it. But when you go out to him and just say to him in a wholesale fashion, "All you farmers go ahead and reduce your acreage," he does not know how he is going to be benefited by it. He can not see through the situation. The Senator from South Carolina has shown him how to see through it.

"How many bales of cotton did you make last year?"

"I made a hundred."

It takes a big farmer to do that. The average farmer is a 10-bale, a 15-bale, a 20-bale farmer. But to illustrate:

"How much did you make?"

"A hundred bales of cotton."

"You helped to produce 14,000,000 bales. Suppose enough of you cut your acreage in half and produce 50 bales instead of a hundred, and you come up next fall with 8,000,000 bales instead of 14,000,000 or 15,000,000."

"Well, it is bound to put the price of cotton up."

"Now, they have 6,000,000 bales surplus, and they are going to let you buy some of that at 10 cents a pound. Can you produce cotton at 10 cents?"

"No."

"Why won't you buy this?"

"I will."

"And the Government will hold it. It is secure. It is a sound proposition."

"All right."

"You do not have to go out to toil and make it. It is already made, and when you sell it you will make \$50 profit on the bale."

He says, "I will go into that."

Then, Mr. President, when the crop comes up next fall, there are 14,000,000 bales. The farmers will make 8,000,000, and the 6,000,000-bale surplus has been taken up and put into the channels of trade, it moves on, and the farmer starts his next year's crop with a clean bill of health. The surplus has been disposed of, he has sold the cotton which he produced at a profit, and that which he bought from the Government at a profit. It is good business, and I would like to see the Congress go to the farmer's rescue, and help him with

his business, which is falling down, as the Government went to the aid of this building association yesterday.

Mr. SMITH. Mr. President, I would like to call the attention of the Senator to the fact that where the farmer agrees not to plant cotton he can use the land for diversified farming, into which the board has been trying to encourage him to enter. He will not only make money on the surplus under this plan but he will be enabled, by planting his cotton acreage to food crops and devoting it to the raising of livestock, to make himself independent for two or three years to come.

Mr. HEFLIN. It will do much to encourage diversified farming and to put the farmer to doing other things, rather than relying solely and purely and wholly upon the production of cotton.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. HEFLIN. I yield.

Mr. COPELAND. Does the Senator consider that the Farm Board act has been a success?

Mr. HEFLIN. I very much regret to say that I am disappointed.

Mr. COPELAND. It was the pet of the President, was it not?

Mr. HEFLIN. It was, in a way; but it was a pet of Congress also. We all thought relief would come from it. I certainly did. I thought it was the greatest measure enacted by Congress during my service, and I still believe that if it is properly administered it will be a fine act and will do just what we want it to do. I am disappointed in the administration of it.

Mr. COPELAND. If the board secretly feels that the act is a failure, would it not be some relief to the board to have an excuse for saying, "Well, if Congress had not done so-and-so, we would have made a success of it"? We are all convinced, I believe, that the act has been a failure. I know my own feeling is that we have the bear by the tail, as I said in the Committee on Appropriations. We now have to go forward with our plan, and if we make some modification of it, we will simply give an excuse to the Farm Board for the failure which they have had and which they are bound to have. That is my feeling about it.

Mr. HEFLIN. It would be difficult for the situation to be made much worse than it is. Cotton is away down, around 9½ and 10 cents a pound. It is an appalling situation. I am not satisfied, I want to say to the Senator from New York, of the work that the board have done; they have done some very good things, but in the main the work has been disappointing to me. Yet I would hate to do anything which would give the board an excuse to say that if we had not done this or that they were just about to do that which would have accomplished all we have been fighting for during all these months.

Mr. COPELAND. That is exactly what I think would happen. There is no question that the cotton business has been terribly hurt. The Farm Board have purchased 1,300,000 bales of cotton. They paid about 17 cents a pound for it. Every man in the cotton business is frightened almost to death for fear that cotton will be dumped on the market. Consequently confidence has gone and the bottom has dropped out of the price.

Mr. SMITH. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. HEFLIN. I yield.

Mr. SMITH. The Senator from New York was not in the Chamber when I called attention to the fact that the board right now can get rid of every bale of that cotton without buying a bale of cotton. They can come to me, I being a cotton producer, and I will sign a contract to take as much of that cotton as I produced last year in lieu of the crop for this year and that I will not plant a seed this year. They can get rid of every one of the 1,300,000 bales of cotton without buying a bale on the market and by encouraging the world's market with the fact that the 1,300,000 bales will not be duplicated, under a contract with the growers, by allocating this cotton to them as I have suggested.

The board can go farther than that. Under the terms of the law they are authorized to buy the surplus, no matter what it is, and distribute it as the market justifies, as I have suggested. Instead of doing that, they could buy it on the market at the present price of \$25 to \$30 a bale below cost of production and contract with the growers to furnish them the equivalent of their 1931 crop out of the surplus to the extent of 6,000,000 bales, giving the farmer that amount of cotton and holding in trust for him on the contract that he will not plant, and then next fall we will come up with the crop reduced 6,000,000 bales, the surplus gone and in the hands of the farmer, and when he sells his cotton he will get the rise in the price for his 1931 half crop and the profit made on the surplus.

I defy any man to question the practicability of that plan. The board has the opportunity to demonstrate its practicability with 1,300,000 bales right now. I will guarantee that every Senator from the cotton-growing States will enter into such a contract now if the board will allocate to them the cotton and hold it. There need not be a dollar change hands. If they will say to me, "We will now allocate to you at the present price the amount of cotton you propose to make in 1931, equal to what you made in 1930, and we will hold this cotton for your account at to-day's price and next fall, when we sell it, we will deduct the overhead plus the amount we paid for it, and we will give you the balance." That plan will take care of the situation exactly as I have outlined.

Mr. COPELAND. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from New York?

Mr. HEFLIN. I yield.

Mr. COPELAND. What the Senator says is attractive, but we have had an experience now under the operation of the law which has been very disappointing. We have almost demonstrated that when we attempt to interfere with the law of supply and demand, with the ordinary course of events, somehow or other it does not work. I am not so sure that the plan the Senator proposes will work. I do not want Senators on our side of the Chamber to give an excuse to the President so that his board, as the Senator from Alabama has just said, could say, "We were almost at the point of success and then the Democrats interfered and now the thing has fallen down."

I think the safest course for us to pursue is to attempt to get the board to make the promise to the cotton farmers that they will not dump this cotton on the market at a time when it will ruin business, but I think if we take any other action here it will give them an excuse to say "That is the reason why we failed." They have failed, and they are going to fail; and for my part I do not want to see those on our side of the Chamber give them an excuse for saying, "The Democrats were responsible for changing the law in such a way as to make it a failure." That is the way it strikes me. I may be utterly wrong, but that is the way I feel about the situation.

Mr. HEFLIN. Mr. President, I agree heartily with the Senator from South Carolina [Mr. SMITH]. I know that his plan would solve the problem, but whether the board will do it or not is another question. If they are not going to do it, they must take the responsibility for not doing it. Take the 6,000,000 bales off the market and cut the production of cotton by 6,000,000 bales for this year, and anybody, even a wayfaring man, can see that it will help bring good prices for the crop this fall, that it will be a money-making business for the farmer and a money-making business for the Government. The Government can not lose. It is a proposition that is as sound as the Rock of Ages.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from Utah?

Mr. HEFLIN. I yield.

Mr. KING. In relation to the observations made by the Senator from New York [Mr. COPELAND], I do not agree with his conclusions, if I understood them. As I understand the Federal Farm Board bill, which I thought was economically unwise and against which I voted, no one

contemplated that the board should be utilized for the purpose of speculation or selling futures on the grain market. Congress had attempted to enact legislation forbidding dealing in futures, and if any Senator or Congressman had believed that the Farm Board would use the \$500,000,000, or any part of it, for the purpose of stimulating the grain or cotton market, it would not have received their assent.

I do not think there is any impropriety in Congress saying to the board by the amendment, "We do not approve of your gambling speculations in the grain market. The law was not enacted for that purpose. You have perverted the statute in your operations to the disadvantage of the people and the loss of the prestige of the board. You can not do that in the future." If they fail, as I think they will fail and as they have failed, I do not believe they could attribute the failure to that admonition put in the form of legislation enacted by the Congress of the United States.

Mr. HEFLIN. The Senator has no quarrel with me and I have no quarrel with him on that proposition. I do not want them to speculate. I wanted the board to take the money furnished by the Government to meet the speculation of the bear gamblers on the exchange. When they commenced to beat down the prices, when the Farm Board fixed the loan value of cotton at 16 cents a pound, the board should have stayed out of the speculative market and should have told the farmer, "Hold your cotton. Do not sell a bale. We are helping you with the spot cotton, with the actual cotton. Do not sell your cotton under these prices. They are being manufactured by bear gambling on the exchange. We are going to enable you to get a price that will yield a profit in the spot market. We are aiding you with spot cotton. Just sit steady and hold your cotton. Do not sell under 16 cents." If they had done that and stood for that position, it is my judgment that cotton never would have gone below 16 cents.

Mr. COPELAND. But they did not stop there. They went ahead on their mad career. I voted for the McNary-Haugen bill, and I am glad I did; I am proud of that vote; but I am thankful that I did not vote for the bill creating the Federal Farm Board. However, let me say to my friend from Alabama that we can not change the situation now. We can not swap horses while crossing the stream. They have started on a course which unquestionably is the wrong course. I want to have it thoroughly demonstrated when they get through that they were wrong, and I do not want the Democratic Party to be in the position of giving them an excuse for getting out from under a terrific failure. That is the way I feel about it.

I would go far if I believed the plan proposed by the Senator from South Carolina and supported by the Senator from Alabama had in it actually some relief for the cotton men; but the cotton men themselves are more or less at sea as to what shall be done except as regards one thing, and that is that they do not want the 1,300,000 bales of cotton dumped on the market.

Mr. HEFLIN. That is what we are trying to keep from happening.

Mr. COPELAND. But if we go forward now with any sort of legislation, against which I am not so sure that a point of order would not be raised, because it seems to me to be legislation on an appropriation bill, it gives them an excuse. Let us not give them any excuse. Let Mr. Hoover and his party and his Farm Board take the responsibility for the failure. It is a failure already and it is going to be a worse failure. I do not believe we can doctor the bill in that haphazard way to insure any greater success because of what has happened. My judgment is against any sort of legislation of that kind now.

Mr. WALSH of Massachusetts. When does the Senator think we can stop the failures?

Mr. COPELAND. They will not be satisfied until they have had the full amount of money.

Mr. WALSH of Massachusetts. How much more money must we appropriate?

Mr. COPELAND. This is the limit; this is the last. No more is to be appropriated. So far as I am concerned, while I am proud that I did not vote for the bill, I am never going

to have another bill like that passed if I can prevent it, not even if I have to stand here all alone, although I know there are others who would stand with me. This is Mr. Hoover's Farm Board failure. Let them take their medicine. I do not believe we have any hope, by modifying the appropriation bill, of relieving us of the dreadful state of affairs brought upon the country by the miserable failure of the Farm Board to accomplish anything for the farmer.

Mr. TYDINGS. Mr. President, may I ask the Senator from Alabama how many bales of cotton the Farm Board have bought which they now have on hand?

Mr. HEFLIN. I believe it is 1,300,000 bales.

Mr. TYDINGS. As I understand it, they can sell the cotton at any time they desire to do it.

Mr. HEFLIN. Yes; they have the authority to do that.

Mr. TYDINGS. It seems to me it is going to be pretty difficult from now on for the Farm Board to do anything else but hurt the cotton farmer, for the simple reason that the day is coming sooner or later, and perhaps not under favorable circumstances, when the 1,300,000 bales of cotton have got to be sold. It occurs to me that when those bales of cotton are sold, the economic result will be a depression in the price of cotton.

Mr. HEFLIN. That is exactly what the Senator from South Carolina [Mr. SMITH] is trying to prevent.

Mr. SMITH. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. HEFLIN. Certainly.

Mr. SMITH. It seems to me that we do not understand the situation. Not only is there 1,300,000 bales of cotton held by the board, but there are 5,000,000 bales in excess of the supply held by somebody else. We are trying to remedy that situation. Under the provisions of the law the board are required to hold the cotton. The purpose of the law is to hold cotton and distribute it in subsequent years or at some subsequent time when the law of supply and demand justifies it. Some one has the other 5,000,000 bales. The board have 1,300,000 bales. If the board would allocate this cotton now to the cotton producers at the present price under a contract with the cotton farmer that he would take his 1931 crop at the present price and would not duplicate it in 1931, we would get rid of the surplus. We would give the farmer a chance to make a profit out of the cotton already produced. We would give him a chance to diversify, which we have been asking him to do, to raise food crops. We would give him a chance to make a profit out of what now seems to be an impending disaster.

We asked the board to go further than 1,300,000 bales and by secondary financing go into the market, as it was authorized to do under the law, and buy the other 5,000,000 bales and then allocate it amongst the producers before cotton planting time and relieve the market of the danger of this impending disaster. In that way a disaster would be converted into a blessing; it would be made impossible for there to be a duplication of this surplus the coming fall, and the farmer would be given a chance to make a profit.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. TYDINGS. In order that I may understand the Senator, let me inquire if what that amounts to is not a curtailing of production?

Mr. SMITH. Through not duplicating what is already in existence.

Mr. TYDINGS. Through an allotment of the surplus.

Mr. SMITH. That is right.

Mr. TYDINGS. In other words, the Senator would curtail production by taking the surplus that now exists and prorating it among the producers?

Mr. SMITH. Exactly, and at the present price, which is from \$25 to \$30 a bale cheaper than the cost of production to the farmer.

Mr. HEFLIN. Mr. President—

Mr. SMITH. If the Senator from Alabama will allow me just a moment more, I desire to say, if the Farm Board were to adopt this plan and ask the Congress for a sufficient

appropriation to enable it now to go into the spot market and buy the surplus, I do not believe there would be a dissenting vote.

Mr. TYDINGS. How much money would that require, as a broad proposition?

Mr. SMITH. As a broad proposition the Senator can see at once that cotton constituting such splendid bankable collateral, if the Farm Board were to put up as much as 3 cents a pound or \$15 a bale, the banks would carry the balance; that would be a safe margin; and at the rate of \$15 a bale, \$90,000,000 would cover the 6,000,000 bales, which would be valued to-day at \$300,000,000.

Mr. TYDINGS. I do not know a thing about cotton except that I have gone through the beautiful cotton fields, and been fascinated by the scenery, but it occurs to me that there is one little fly in the ointment, and that is the cotton crop next year may not be normal, a drought or something else may happen. In that event, I inquire would there be a shortage of cotton if the Senator's plan were carried out?

Mr. SMITH. Unless it was an unprecedented disaster, with a crop of 8,000,000, which is 6,000,000 bales less than the production of this year, I do not think there would be any very great shortage. The fact of the matter is, I think, the cotton mills of the world and the cotton producers the world over would like to have one year in which all the surpluses of different kinds were cleaned up so that we could start even.

Mr. TYDINGS. As I understand the Senator's position, he feels that the problem of dealing with the surplus is very much more important for the cotton industry and for industry in general than the fear of a drought or a short crop?

Mr. SMITH. I do, because the agricultural marketing act, as the Senator will find if he will read it, deals with surpluses. It is the surplus from which come all the ills that afflict the wheat grower and the cotton grower.

I will speak another sentence, Mr. President, and then I will give up the floor. With people starving from the Great Lakes to Florida, north, south, east, and west, the Farm Board and economists the country over are saying reduce the wheat crop. We have so much wheat we are all starving to death, and so much cotton we are all naked, and so much money in the banks that everybody has gone bankrupt. That is the situation; it is an indictment of the administration. We have got wealth a-plenty, resources a-plenty, but not sense enough or patriotism enough to use them for the blessing of the population of America. We are destroying wheat while men and children starve, and are begging to get rid of the surplus cotton while people are naked; and here we are, with nearly all the gold in the world in our Treasury, pleading with the Government to go to the rescue of banks.

Mr. HEFLIN. Mr. President, the Senator from South Carolina has shown that \$90,000,000, if used in the manner set forth in the plan suggested by him, would take care of the surplus cotton crop and would bring untold blessings and benefits to the cotton producers of the United States. I want to remind the Senate that I saw Congress—and I was a party to doing it—vote \$100,000,000 to relieve distress among the starving people of Europe, and here by the use of \$90,000,000 we can relieve the distress of 26,000,000 people in the United States who live in the cotton belt. We ought to do that. The surplus would be taken care of under the plan of the Senator from South Carolina. Just why the board does not adopt that plan and carry it through, I can not understand.

I secured the passage of a bill through the Senate providing that the Government should take a census of all the old cotton on hand in the various storage places in the United States. My purpose was to ascertain how much old cotton—unspinnable cotton—was on hand and how much of it was being counted each year in the carry-over of cotton at the end of the cotton-selling season.

I also secured the passage of a bill through the Senate providing for the separation of accumulated linters at the end of the cotton season from the amount of cotton left over at the end of the cotton-selling season. At present the Government report does not separate linters from cotton,

but simply states that the carry-over of cotton is so many million bales, and in it are anywhere from 500,000 to 1,000,000 bales or more of linters. Linters are not cotton. They are the fuzzy jackets which are left on the cottonseed after the lint has been cut off the seed. A fine-tooth gin has been invented to shave the hull off the seed. That gets the linters off. They are snow-white but very short. They ought not to sell as cotton, and they ought not to be counted as cotton in the carry-over of cotton, because they are not spinnable cotton in the sense that real cotton is.

When the Government reports the carry-over of cotton it includes the linters in the carry-over, and thereby works a great injury and a great hardship upon the farmer who has cotton to sell. For instance, if the carry-over of cotton were reported to be 3,000,000 bales of actual cotton, it might break the price of cotton; but suppose it were found that a million and a half bales of that were linters, then there would be really only a million and a half bales of cotton in the carry-over, and the report would put up the price of cotton.

Mr. President, I twice secured the passage through the Senate of the bill to which I refer. It was sent over to the other House, but it has twice failed of passage in that body. It is now on the calendar in the other body, but is as dead as a doornail so far as the membership of the body goes. The passage of that measure has not been secured, but it would be worth millions and millions of dollars to the farmers of my State, as well as to the entire Cotton Belt of the United States, if it were enacted into law. I want something done by Congress that will give to the farmers a fair deal.

I remember when a crash came on the stock exchange in November, 1929, that a director of the Federal Reserve Bank of New York, and I think the governor of the bank, advanced money, my recollection is, to the amount of some \$25,000,000 to help bolster the financial situation there, which had been produced by gambling on the stock exchange. Those governmental instrumentalities were brought into use and that money was employed to rescue the gamblers there from sustaining a complete loss of their business. Why can we not use some of the money of the taxpayers of this Nation to aid the great producing class of our country? The farmers, Senators, as I said a moment ago, are selling their cotton below the cost of production; they have debts hanging over them which they can not pay; their homes and farms are mortgaged and are being sold upon the auction block; the farmers of America are being reduced to a condition of peasantry and may ultimately become agricultural slaves. God forbid that such a day shall come upon our country!

Why can we not do something for the farmer? Yesterday, as I pointed out, the Government went to the rescue of a building association in Washington. People got excited and thought they had better get their money out; they made a run upon the concern; they took out thousands and tens of thousands of dollars; but the Government went to the rescue and said, "This concern is all right; we are going to help save it," and the Government sent \$910,000 to help take care of the situation.

Mr. SMOOT. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from Utah?

Mr. HEFLIN. I yield to the Senator.

Mr. SMOOT. I think the Senator is mistaken in the statement he has just made. Currency was sent from the Treasury upon checks that had been drawn by banks in the District of Columbia to help out the building association. In other words, the checks were cashed by the Government. I do not understand, however, that the Government issued a single solitary dollar in order to help the building association.

Mr. HEFLIN. That is what the Washington Post of today says.

Mr. SMOOT. Oh, no. The Post says that the money was sent over from the Treasury of the United States, and that is true; but it was sent from the Treasury because of checks

which had been issued by the banks. The banks, not carrying such a large amount of currency in their vaults, obtained the cash from the Treasury of the United States, and sent it to the building association which was in difficulty, but they gave their checks for the amount. That is the situation.

Mr. HEFLIN. The point I am making is that the Government opened its doors and its treasure house and sent the actual coin there. Whether the money was supplied on checks of the banks or not, the Government furnished the money; the Government came to the rescue and kept the concern from failing.

Mr. SMOOT. No; the Senator is mistaken.

Mr. HEFLIN. That is what the Washington Post says.

Mr. SMOOT. It was not the Government's money. Checks were issued by the banks for the money, and the Treasury paid the checks, as one bank would pay the check of another bank. Under such circumstances the bank paying the check does not lose the money, because they get the money from the bank on which the check is drawn, whether it be in New York or elsewhere; they either get credit or get the money back. That was what was done in this case. The Government of the United States did not furnish a single, solitary dollar of its own money, and the Government lost no money when it honored the checks of the banks and the money was carried over to the institution which was in difficulty. That is so because, as I have said, checks were issued to get this money, and, of course, those checks are charged to the banks which issued them.

Mr. HEFLIN. Certainly.

Mr. SMOOT. That is true whether the banks be in New York or Chicago or any other place. So the Government did not pay a cent of it.

Mr. HEFLIN. That is exactly what I am talking about—that the Government cooperated with the banks; the Government accepted the banks' security and turned loose the actual money, and it was used to meet the situation and did meet it and saved it.

Mr. SMOOT. The money simply came from the Federal reserve system; that is all; just as in any other transaction money may come from the Federal reserve system on checks issued by banks. There are very few instances where the money comes from the Federal reserve bank on its own initiative, and the Federal reserve bank would not have provided the money in this instance unless the local banks issuing the checks had money with the Federal reserve system.

I know what the Senator has in mind here. It is true that the banks of Washington came to the rescue of this building association; and if they had not done so the association would not have had the money on hand to meet the run. Therefore, they guaranteed so much money; and the checks that were issued by the banks went directly to the Government here. The money was paid, and the checks on which the money was paid were charged to the account of the Federal Reserve Bank wherever the checks were issued.

Mr. HEFLIN. But the money was taken out of the vaults of the Treasury of the United States. That is what I am talking about; and the United States, in lieu of that money, accepted the collateral of other people and the checks of other people, and the Treasury of the United States furnished the money.

Suppose they should give a check on a bank down in my State, and the bank should fail, and the check is not paid. That fellow is unfortunate, his business is ruined, because he has not the Government of the United States to stand there and back up that little bank and say to it, "Here is money. We will accept your paper; we will take your collateral, and we will take the money out of the Treasury of the United States."

That is what I am objecting to. The big fellows can get into the Treasury; but the little fellows—who ought to be more able to get in, because they do not occupy as much space—can not get in at all.

Mr. SMOOT. No check was issued unless the bank issuing the check had the money in the Federal reserve system,

and no check was paid by the Government that was not perfectly good; and the same amount of money that was delivered here in order to help this institution will be paid to the Government of the United States through the Federal Reserve Bank.

Mr. HEFLIN. I am not saying that the checks were not good. I am not objecting to the Government helping this concern, if that was necessary to prevent a crash and to aid us in getting back to prosperity and normal times; but I am objecting to helping one class and withholding help from another. Nobody can defend that sort of thing. It is class legislation. It is favoritism displayed by the Government to one particular favored class, and against another class that is in dire distress.

Mr. BLEASE. Mr. President—

Mr. HEFLIN. I yield to the Senator from South Carolina.

Mr. BLEASE. My information is that this money was sent from other banks, and that if these other banks had not sent it this institution would have crashed; and had not the Treasury Department let loose its money some other banks in Washington would have crashed with it.

Mr. HEFLIN. The Senator from South Carolina suggests a feature of the situation that I did not understand; but I still say that I am not complaining that the Government helps. I am asking the Government to help thousands and millions of cotton producers, farmers in distress; and I submit, Mr. President, that cotton is the finest collateral on earth. You can put it in a dry place and keep it for 10 years, for 20 years, for 50 years, for a hundred years. The family of the senior Senator from South Carolina [Mr. SMITH] have a bale of cotton that is probably 40 years old. There is nothing that will keep like cotton.

In the case of grain, if you put it in a damp place it will mold. It will rot. It must not be too wet, too damp; and that is a very difficult thing to attend to. If you put cotton in a dry warehouse, however, you can keep it indefinitely and its tensile strength will be as good 10 years from now, 20 years from now, or 30 years from now as it is to-day. Cotton is the greatest collateral in all the world; and, as I said the other day, it is the only product under the sun every pound of which is converted into money, every dollar's worth of which contributes to the financial wealth of the United States. It gives to America the balance of trade and brings into our country every year more gold than the world's annual output. Yet cotton is a drug on the market, and those who produce it are penalized and punished if they produce it in abundance. The Government can help everybody else in distress, but we can not take a few millions to enable the farmer to make a success of his business, to enable him to keep his business from going to utter ruin.

Mr. President, before I sit down, I repeat that the proposition of the Senator from South Carolina is sound, and I am whole-heartedly with him on it. He has rendered a great service not only to the South but to the country. He is a friend of the cotton producer; and he has mapped out here a plan which, if carried out, will not only solve this problem for the year 1931 but will solve it for all the years to come.

If there is a surplus next year, or year after next, the board will say, "All right; we will take care of that. Do not be alarmed, now, you farmers." Did you ever hear of a banker being hurt because he has more money than he had last year? Why, he is just tickled to death. He revels in luxury; he clips his coupons, and has a good time. If, however, the farmer produces in abundance, and comes into the market place with sufficient of the stuff he has made to clothe the world, he must be whipped to his knees and made to suffer; and the only answer he gets is, "You produced too much, and you must take your medicine. You must be punished."

Mr. President, if this Government does not wake up to the danger of producing a peasant class in America, a class of agricultural serfs, we are right on the road down which Rome went to her utter ruin when she fell down among her beautiful hills and died.

I want my country to wake up in time. I want to see prosperity in my land—not the kind that we see expressed in a few money kings who tower above their fellows like

peaks above a plain but a prosperity felt by the common man, heard in his cheerful voice, seen in his comfortable home; a prosperity that produces peace and plenty over a smiling land, and is reflected in a happy nation's eyes.

The PRESIDENT pro tempore. Does the Senator from Alabama wish to be heard on the point of order?

Mr. BLACK. No, Mr. President; I am willing for the Chair to rule on it.

The PRESIDENT pro tempore. The Chair holds the point of order made by the Senator from Washington [Mr. JONES] to be well taken.

Mr. BLACK. Mr. President, I send to the desk another amendment which I ask to have stated.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 18, line 2, it is proposed to insert the following:

No part of the amount hereby appropriated shall be expended, and no loan shall be made out of such amount, for the purpose of dealing in futures or indulging in marginal transactions or any transaction whereby contracts are made for the purchase of agricultural commodities or food products thereof where no delivery of such commodity or food product is intended; nor shall any of this appropriation be loaned to any person, association, or corporation, for use by such person, association, or corporation for the purposes hereinbefore set out.

Mr. JONES. Mr. President, I am inclined to think that that goes beyond a mere limitation; so I make the point of order against the amendment as new legislation.

The PRESIDENT pro tempore. The Chair is unable to sustain that point of order.

The question is on agreeing to the amendment.

Mr. JONES. Mr. President, I simply want to suggest this consideration in line with what the Senator from New York [Mr. COPELAND] suggested a while ago:

I think Congress ought to allow the Federal Farm Board to act under the law that we have passed without our interfering, and thereby giving the board an excuse to say, if failure does occur, "We would have made a success if Congress had not interfered with our activities and with our work."

It seems to me that is the wisest course to follow. If we begin to limit the activities of the board in this one respect, of course we are likely to do the same thing in another.

The discussion this afternoon has been largely with reference to cotton; yet the activities of this board deal with many other products than that. This \$100,000,000 is to be used in dealing with all sorts of agricultural products; yet this limitation applies to all the board's dealings in every class of commodity, no matter what it is.

I think that is all I care to say about the amendment, except this:

I remember reading in the testimony taken by the committee that Mr. Legge, the chairman of the Farm Board, stated in substance that the board started in its activities with the idea of dealing in actual products, and not dealing in futures. I confess that I do not understand very well the matter with reference to futures, and what might be called gambling in products, and that sort of thing; but I take it that that is what this amendment refers to. As I understand, it would prohibit the board from dealing in futures. Mr. Legge said that they started out on that plan, but they found that private business was dealing in futures, and apparently that handicapped the board in their work; or, at least, they thought it did; so, after starting out in that way and trying that plan for a while, they came to the conclusion that it was wise action for the board to deal in futures as well as otherwise.

That may have been unwise on their part. They are business men, however. I am willing to concede that Mr. Legge is far better able than I am to determine what is a wise course in dealing with agricultural products in a business way. I do not question the capacity of any other Senator on this floor, however, to know better than Mr. Legge how to handle these things, how to deal with these matters, how to meet these problems. I was impressed, however, with the fact that Mr. Legge is an honest, fair, frank business man; and I believe he has been seeking to do what he thought was

for the best interests of the people of the country and the Government that he represents.

I believe it is unwise for the Senate to begin now to limit the activities of the board or to limit it in the use of the money that we provide to enable it to carry out the law we have passed to govern its actions.

Mr. BLACK. Mr. President, just a few words with reference to the amendment.

It is true that this amendment will affect any gambling on any food product. It is not limited to gambling on cotton alone; but it would prohibit gambling with this \$100,000,000 on wheat, and it would prohibit gambling with it on hogs, and it would prohibit gambling with it on any food commodity.

I do not think this country is willing to turn over to Mr. Legge or to any Farm Board the right to determine when Government money shall be used for gambling purposes.

I believe the Congress is as able to determine for itself now whether this Government is to embark on the general policy of speculation and gambling with tax-raised money as it will be after Mr. Legge and his associates have passed upon the question.

The issue is simple. It is against the law in practically every State of this Union to gamble. So far as I know, it is the law in every State of the Union. If there is any State in the United States which permits individuals to go out and gamble publicly with their money, I do not know it.

This should not be the law, according to the well-settled policy of this Nation, and yet with the statement made on the floor that the chairman of the Federal Farm Board says that in order to raise the price of cotton and corn and wheat it must gamble with Government money, we are asked to vote down an amendment which will prohibit the use of Government money for that purpose.

Mr. President, I was already of the opinion that the Federal Farm Board had been a failure. It is the pet idea of the present President. It has proven itself to be absolutely unworthy of the confidence of the people. Instead of raising the price of cotton, the price of cotton has gone down. Instead of raising the price of corn, corn has gone down. Instead of raising the price of wheat, wheat has gone down. All this has occurred in the face of the fact that Congress gave to Mr. Hoover exactly the law which Mr. Hoover said Mr. Hoover wanted, and it has proved to be an absolute and complete failure and a miserable farce in so far as bringing benefits to the farmers of this Nation is concerned.

The Democrats and some of the progressive Republicans offered a remedy which would have benefited the farmer. They offered the export debenture plan, which would have taken out of the pockets of some of the tariff special beneficiaries and returned a small, infinitesimal proportion into the pockets of the American farmer. But that would not do. We must pass for the present administration the so-called farm relief bill, the present law, which has relieved the farmer of practically everything he had in the world but his shirt, and if it is allowed to operate long enough it will take that away from him.

Mr. President, this amendment would prevent the Federal Farm Board from using Government money for gambling purposes. The issue is plain and simple. If we want to permit Federal money to be further used for gambling purposes, then this amendment should be voted down; but that is the only issue there is in it. If the Federal Farm Board has reached the time when it admits it can not benefit the American farmer except by gambling with the money of the American people, then it is time for the Federal Farm Board to fall, and for us to repeal the law, because the people of this country do not want their bureaus to engage daily in the practice of gambling.

Who gets the benefit? It goes to the cotton gamblers in the great cities. It goes to the wheat gamblers in the wheat pits. It does not go to the American farmer. Do not let anybody be deceived; that is where most of this money has been going. It has been just like pouring water into the funnel of a bottle with a hole in the bottom of the bottle, and it will continue to go in that way, because we can not

expect our bureaucrats to be able to go into the wheat pit in Chicago or on the cotton exchange in New York and compete with the wheat gamblers or with the cotton gamblers, who have been making their livings out of gambling in cotton and wheat through all these years.

The time has come when Congress ought to express itself on this issue, and let the board know that the American people have not yet degenerated to the point where they are willing to say that the only way American agriculture is to be benefited is to engage in an orgy of cotton and wheat gambling on the cotton exchanges and in the wheat pits.

Mr. JONES. Mr. President, I am just as much opposed to gambling as is the Senator from Alabama. Why does he not bring in legislation to prevent what people do not regard as gambling, but what they call speculation? Possibly it is gambling; I do not know.

This board has authority to do what it is doing under the legislation Congress has passed. In other words, if what they have a right to do is rightly called gambling, then the Congress has authorized it.

The logical result of the Senator's position and argument is that the law should be repealed. That may be true. But so long as it is the law it seems to me Congress should supply the money necessary to carry it out.

As I have said, if they make a failure, we know where the responsibility rests. When we put such limitations as these one after the other into the law we give them an excuse to say: "If Congress had not limited us in our activities and our work we would have made a success of it."

Mr. BLACK. Mr. President, will the Senator yield for a question?

Mr. JONES. The Senator may ask me a question, but I may not be able to answer it.

Mr. BLACK. The Senator states that it is the law and that the board is authorized to use the money for that purpose. If this amendment is agreed to, the board will not be authorized to use the money for gambling purposes, will it?

Mr. JONES. The Senator does not propose to repeal the law. He provides that this particular money can not be used for that purpose.

Mr. BLACK. It would prevent it, would it not?

Mr. JONES. If it is against the law why does not the Senator propose to repeal the law? That is what ought to be done. That would be the open, square, and frank procedure.

Mr. GEORGE. Mr. President, let me remind the Senator from Washington that he did not regard the veterans' legislation yesterday afternoon in exactly that light. He even declined to make a point of order.

Mr. JONES. I acted upon that in accordance with what I considered the merits at the time. This is an entirely different proposition.

Mr. GEORGE. Yes; this has to do with farmers, and the other had to do with veterans.

Mr. JONES. I want to say to the Senator that I am perfectly willing to leave this to the Senate, and let it decide. I have no pride in the matter one way or the other. I do not claim to know anything about the cotton situation, or futures, or gambling, of which the Senator from Alabama has spoken.

Mr. GEORGE. I am prepared to accept the Senator's word for that, but the Senator declined to make a point of order yesterday.

Mr. JONES. I gave the reason why I did not.

Mr. GEORGE. But now the Senator is making a very strong and vigorous argument as to why the Farm Board should continue to gamble with money in the wheat and cotton markets.

Mr. JONES. No; what I say is that if the Senator wants to do away with the board, let him propose to repeal the law.

Mr. GEORGE. But the Senator from Washington did not suggest on yesterday that the law be repealed. He said:

Let us do with the money which is to be paid to veterans as we see fit.

I think the Senator was right morally yesterday, and I think he is wrong morally to-day.

Mr. JONES. Very well. If the Senator takes the view that the situation to-day is parallel with the one which confronted us yesterday, he looks at it differently from the way I do.

Mr. SWANSON. Mr. President, it now appears that there will be considerable controversy about the matter which is being discussed at this time. The Senator from Washington assured me that he would give me an opportunity to-day to have the public buildings bill passed, which carries an authorization for \$100,000,000. It is necessary that that bill be passed in the next few days if we are to speed up the program of public-building construction, because estimates must be prepared and sent to the Congress in order to get the appropriations passed during this session.

Mr. JONES. Mr. President, I know every Senator is interested in the measure referred to by the Senator from Virginia. It is quite an important matter, and I feel that it ought to be acted upon, as the Senator says, if possible, at this time, because other legislation to carry out the authorization will have to be enacted hereafter. I appreciate the fact, too, that we probably can not get a vote on even the pending amendment to-day. So I am willing to allow the Senator from Virginia to proceed with his bill.

The VICE PRESIDENT. Without objection, the unfinished business will be temporarily laid aside.

CONSTRUCTION OF PUBLIC BUILDINGS

Mr. SWANSON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of House bill 16297, to amend the act entitled "An act to provide for the construction of certain public buildings, and for other purposes," approved May 25, 1926 (44 Stat. 630), and acts amendatory thereof. I ask that the bill be read.

The VICE PRESIDENT. Is there objection to proceeding with the consideration of the bill?

Mr. HOWELL. I object.

Mr. SWANSON. Mr. President, I move that the Senate proceed to the consideration of the bill.

Mr. McNARY. Mr. President, the unfinished business is the independent offices appropriation bill—

The VICE PRESIDENT. The unfinished business was temporarily laid aside by unanimous consent for the purpose of proceeding with the public buildings bill. Now, the Senator from Virginia moves to displace the unfinished business.

Mr. JONES. We shall take up the appropriation bill again whenever we have an opportunity.

Mr. McNARY. This is agreeable to the Senator having the appropriation bill in charge?

Mr. JONES. I do not think there will be any trouble about getting up the appropriation bill.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Virginia.

Mr. PHIPPS. Let it be stated. I did not hear the motion.

The VICE PRESIDENT. The motion is that the Senate proceed to the consideration of House bill 16297, the public buildings construction bill.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. WALSH of Massachusetts. Mr. President, the bill is short. Let it be read.

Mr. SWANSON. Yes; I would like to have the bill read.

The VICE PRESIDENT. The clerk will read the bill.

The legislative clerk read as follows:

Be it enacted, etc., That the act entitled "An act to provide for the construction of certain public buildings, and for other purposes," approved May 25, 1926 (44 Stat. 630), and acts amendatory thereof, are hereby amended to provide that for the purpose of carrying into effect the provisions of said acts and to permit of expediting the public-building program thereby authorized, the amounts heretofore authorized to be appropriated for public-building projects outside the District of Columbia are extended \$100,000,000: *Provided*, That under this authorization and from appropriations (exclusive of appropriations made for remodeling and enlarging public buildings) heretofore made or herein authorized for the acquisition of sites for, or the construction, enlarging, remodeling, or extension of public buildings under the control of

the Treasury Department, not more than \$65,000,000 in the aggregate, shall be expended annually, of which sum not more than \$15,000,000 may be expended on projects in the District of Columbia (except that any part of the balance of such sum of \$65,000,000 remaining unexpended at the end of any fiscal year may be expended in any subsequent fiscal year without reference to this limitation, beginning with the fiscal year 1928).

Sec. 2. That the provision contained in the act of May 25, 1926, as amended by the act of February 24, 1928, limiting the amount that may be expended annually in any one of the States, Territories, or possessions of the United States to \$10,000,000, be, and the same is hereby, repealed.

Sec. 3. That in the case of any projects authorized under the provisions of the public building act approved May 25, 1926, heretofore mentioned, and the several acts amendatory thereof, when the bid of the lowest responsible bidder received in response to public advertisement exceeds the amount available under the estimated limit of cost fixed by Congress, the Secretary of the Treasury is hereby authorized, in his discretion, to enter into contracts for the construction of such buildings in an amount not exceeding 10 per cent in excess of such estimated limit of cost: *Provided*, That in the exercise of this discretion the Secretary of the Treasury shall not incur obligations in excess of the amounts heretofore or herein authorized for appropriations.

Mr. SWANSON. Mr. President, by direction of the committee I offer an amendment to strike out section 2 and to insert what I send to the desk.

The VICE PRESIDENT. The clerk will report the amendment.

The CHIEF CLERK. On page 2, strike out section 2 and insert:

Sec. 2. That the provisions contained in the act of May 25, 1926, as amended by the act of February 24, 1928, limiting the amount that may be expended annually in any one of the States, Territories, or possessions of the United States to \$10,000,000 be, and the same are hereby, further amended so as to increase the amount that may be expended annually in any one of the States, Territories, or possessions of the United States to an amount not to exceed \$15,000,000.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SWANSON. I have another amendment to offer by direction of the committee.

The VICE PRESIDENT. Let the amendment be stated.

The LEGISLATIVE CLERK. At the end of section 3 add the following proviso:

Provided, That the extension of said limitation shall not be continued in effect beyond the close of the calendar year ending December 31, 1935.

Mr. HOWELL. Mr. President, before that amendment is acted on I would like to offer an amendment, which, if adopted, would render the amendment unnecessary. I ask the Senator from Virginia to withhold his amendment for the moment.

Mr. SWANSON. I withdraw it temporarily.

Mr. HOWELL. I offer the amendment which I send to the desk.

The VICE PRESIDENT. Let it be reported.

The LEGISLATIVE CLERK. The Senator from Nebraska offers an amendment, on page 3, line 4, after the word "discretion," to strike out the remainder of the section and insert in lieu thereof:

To reject all bids in any case and let the contract for such building by negotiation: *Provided*, That in the exercise of this discretion the Secretary of the Treasury shall not incur any obligation in excess of the estimated limit of cost fixed by Congress, and shall report the facts in connection with any so negotiated contract to Congress.

Mr. SWANSON. I would like to have my amendment acted on placing the limit at 1935, and then the Senator can move to strike out the entire provision and substitute his. I would like to have my amendment adopted to perfect the text of what the Senator from Nebraska proposes to strike out.

Mr. HOWELL. Is there any objection to agreeing to my amendment first?

Mr. SWANSON. Let my amendment be adopted and then the Senator can move to strike it all out.

The VICE PRESIDENT. The Chair will state that the amendment offered by the Senator from Virginia has preference and then the amendment of the Senator from Nebraska will be in order.

Mr. HOWELL. Very well.

The VICE PRESIDENT. The question is on agreeing to the amendment submitted by the Senator from Virginia.

Mr. WALSH of Massachusetts. Mr. President, this is a very simple proposition. It involves no additional building project. The Supervising Architect has stated that unless some additional powers are given to him it will take eight years to construct the authorized buildings in the country. This bill and a previous bill seek to let down certain bars that prevent the Supervising Architect from expediting the work. One authorized him in certain cases to employ private architects. A second proposition authorized him in certain instances to go ahead and construct a building before title to the land was completely in the Government when it was assured that the title would ultimately come to the Government. This bill proposes that he can expend in any one State \$15,000,000 instead of \$10,000,000 as provided in the present law, because if that is not done certain buildings can not be constructed in several of the States during the next year to help in the present emergency.

At my suggestion, because of these extended powers, an amendment was offered and approved by the committee limiting the extended powers to December 31, 1935. After that date we go back to the present law. What the bill seeks to do is to enlarge the program of constructing public buildings outside of the District of Columbia during the next two or three years. The members of the committee were unanimous in reporting it.

Mr. HOWELL. I consent to the consideration of the amendment of the Senator from Virginia.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Virginia.

Mr. KING. Mr. President, if I understand the bill, it is to permit the Secretary of the Treasury, when a bid for a building has been submitted and that bid is in excess of the authorization of Congress, to let a contract for the building if it shall not exceed by more than 10 per cent the authorization.

Mr. SWANSON. Yes.

Mr. KING. I would be unwilling to give that authority to the Secretary of the Treasury.

Mr. SWANSON. Let the amendment be adopted which limits the authority to a given time and then I will explain it to the Senator.

The VICE PRESIDENT. Does the Senator from Utah desire to have the amendment read again?

Mr. KING. Yes.

The VICE PRESIDENT. The amendment will again be read.

The LEGISLATIVE CLERK. At the end of section 3 add the following proviso:

Provided, That the extension of said limitation shall not be continued in effect beyond the close of the calendar year ending December 31, 1935.

The amendment was agreed to.

Mr. SWANSON. This is what the amendment does: Under the present plan an estimate is made for a building. The estimate necessarily can not be exact or accurate. That could only be done if the department had an immense number of architects and experts. So they make a more or less rough estimate as to what the building will cost. Then they ask the Appropriations Committee to authorize an appropriation for that amount, known as the estimated cost of the building, which is done. Then the contract for the building is let to the lowest bidder.

Mr. SMOOT. After the plans are completed?

Mr. SWANSON. Yes. The plans are completed and then the bids are asked for and a conclusion reached as to whether the bids are proper or not. If it has been estimated that a building will cost \$500,000, and it develops later that something in connection with the cost of the land or the cost of construction of the building will make it cost \$520,000 instead of \$500,000, they could not proceed with the building under existing law. Its construction would have to wait until next December and they would have to come back to the Appropriations Committee for authority to increase the item from \$500,000 to \$520,000. Work on the building

would have to stop right there until that additional authority was given.

Under the plan now proposed the total amount of the appropriation for buildings outside of the District of Columbia is increased from \$50,000,000 to \$65,000,000. We also continue the appropriations heretofore made which have not been used. It is estimated for the ensuing year that for buildings outside the District of Columbia the cost will be about \$171,000,000. If the estimate for one of those buildings should be exceeded in the bid accepted, the Secretary would be authorized to make a contract and proceed, provided that the total amount of the contract then would not be in excess of 10 per cent above the original estimated cost.

The proposal was examined thoroughly and completely by the committees of the House and Senate. At first we had the idea that by allowing a 10 per cent leeway it might encourage the bidders to increase their bids to a little more than the amount of the estimate, because they might think that they could get the extra 10 per cent. But the department had an idea that it would bring about exactly the reverse result. They thought that in order to complete the buildings between now and next December they would have to make estimates sufficiently large to cover any anticipated cost, or else suspend work. They thought the estimates would be more liberal and that they would get better bids.

Mr. HOWELL. But the cost is determined now by Congress.

Mr. SWANSON. It is determined on the estimated costs. The bids may not exceed those estimated costs. The department can not spend any more money than the \$100,000,000. They can not spend any more than is authorized under this bill. The contract must go to the lowest bidder, but under this authority the Secretary of the Treasury could increase the amount by not to exceed 10 per cent above the estimated cost as approved by the Appropriations Committee. I am told that the Treasury Department will save between \$12,000,000 and \$20,000,000 on the cost of the buildings under these contracts.

Mr. HOWELL. Why?

Mr. SWANSON. For the simple reason that the estimates were made and the bids were submitted on the general estimates without there being any such leeway granted.

Mr. HOWELL. Does the Senator mean that the cost of building materials has decreased since 1926?

Mr. SWANSON. No. Before a building can be constructed, of course the land has to be purchased. There must be an estimate of the cost of the land, as well as an estimate of the cost of the foundation and the construction of the building itself. Bids have to be obtained upon that basis. Those estimates can not be made except in a rough way and consequently if a mistake is made with reference to the cost of the land and the land would cost \$10,000 more than the estimate, then they could not proceed under the present law until they came back to Congress and got an increased estimate and authorization from Congress. So the entire matter is held up until the following December. I am told that the department believes that they will have saved between \$12,000,000 and \$13,000,000.

The proposed substitute of the Senator from Nebraska would give us exactly the existing law, nothing more and nothing less. That is what they have to do under existing law. They would have to come back and get an additional estimate before they could proceed. I know of instances where buildings have been held up a long time on account of the land costing more than the estimate. It must be remembered that they do not even buy the land or do anything about it until the Appropriations Committee have considered the estimate and an estimate is made. The Appropriations Committee have never failed to approve an estimate to cover the lowest bid when it has been found that the lowest bid was in excess of the previous estimate.

I recognize that this is urgent and necessary if we are going to proceed with the construction of many buildings between now and next December.

Mr. SMOOT. That is why the limitation is fixed.

Mr. SWANSON. The limit is fixed at not to exceed 10 per cent of the original estimate. I am told that they will have saved between \$12,000,000 and \$20,000,000 by the contracts for buildings being that much less than the estimates. They think they can get better bids if we do not increase the estimates, but have this provision to cover any contingencies that might arise.

Mr. HOWELL. But the estimates have already been made. The estimates were submitted to Congress. We have those estimates and now the Senator's proposition is that if they see fit to increase the size of a building and expend more money on it, they shall have a leeway of 10 per cent.

Mr. SWANSON. If they adopt the plans and call for bids and find that the lowest bidder exceeds the estimate by not more than 10 per cent, they can accept the bid of the lowest bidder under those circumstances. We have had complaint from all over the country that the red tape here has delayed the construction program during this period of depression. It seems to me with that modification, slight as it is, knowing that it has not been and will not be abused, we can proceed to construct these buildings between now and December under the authorized expenditure of \$171,000,000; and unless there is some such authority as this granted it will be impossible to tell which of them will be held up and delayed because the actual bids are somewhat, though not much, in excess of the estimates made.

Mr. COPELAND. Mr. President, every Monday since New Year's Day I have asked about these "red-tape" bills. There can be no doubt about the situation. We have had testimony before the Committee on Appropriations on the LaFollette resolution. We had Colonel Woods there. We had the Supervising Architect and others. It was pointed out to me that if we are to go forward with the building program in the hope of relieving unemployment, we must do away with these red-tape provisions. I hope that every Senator who is interested in putting men back to work will not hesitate now, and because of a technicality allow this measure to be defeated.

Mr. SWANSON. Mr. President, I wish to plead with the Senator from Nebraska not to insist on his amendment. I think he appreciates the necessity for the prompt passage of the bill.

There will be erected 585 buildings, including 225 whose construction is now proceeding. This \$100,000,000 will put a post office, as the survey of last January shows, in practically every city in the United States where postal receipts exceed \$20,000. The figures are shown in the report.

If that work is going to be performed during the next year, the estimates must be followed. They have been submitted from time to time, but there should be a little leeway allowed. Some desire a greater leeway. I would not consent to more than 10 per cent, and I would not consent to that unless it were limited to expire in 1935, when this program shall have been completed. In view of the situation and the fact that the department assures us that it has available for construction purposes between \$12,000,000 and \$20,000,000 already saved out of the estimates heretofore made, I hope the Senator will not insist on his amendment.

Mr. CONNALLY. Mr. President—

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Texas?

Mr. SWANSON. I yield.

Mr. CONNALLY. Is it not also true, let me suggest to the Senator from Virginia, that if this bill shall be passed promptly the department proposes to send up a large number of new allocations at this session, but if we wait even a week it will be impracticable to do that?

Mr. SWANSON. It takes about a week in the East to send plans to the postmasters for their approval and to get them back, and farther away, in the West, it takes nearly three weeks. The plans must be approved by the Supervising Architect; the buildings can not be constructed according to anybody's notion.

The contracts are bound to go to the lowest bidder. The bids which are coming in now are pretty low, and, in view of the great depression in business, it seems to me that the

proposal is a wise one if we are going to speed the construction of these buildings. Now is the time to speed them, when construction costs are low, when steel and other materials are low. We will save more than we will gain by delaying the construction until next year, and I hope the Senator will let this bill go through without his amendment.

His amendment, as I understand, is the same as existing law.

Mr. HOWELL. The Senator is mistaken.

Mr. SWANSON. What change does the Senator propose? As I read the amendment casually, if the bids exceed the estimate the Secretary of the Treasury has got to report back to Congress.

Mr. HOWELL. No; not at all.

Mr. SWANSON. That is what I understood from reading it.

Mr. HOWELL. I will be glad to explain it.

Mr. SWANSON. I shall be glad to have the Senator do so, and I yield the floor.

Mr. HOWELL. Mr. President, we are a board of directors; the executive department has come to this board of directors with a list of buildings which they propose to construct. It has estimated the outside cost of each one of these buildings, and is able to do so. A building of a certain type with which we are thoroughly familiar costs so much per cubic foot. The cost can be estimated to the ground, and the estimate should be fairly accurate. The present estimates were made in 1926 when the cost of building was very much greater than it is now. Now, the department comes and urges that we give it a 10 per cent leeway. Why? Because the buildings are going to cost more? No; because they want to enlarge them; because they want to change their plans.

One of the reasons why the business done by Congress in connection with contracts has become a subject of criticism is that we are furnished estimates, we enter upon the projects in good faith, and then we find that the department merely considers such estimates as justification for coming back to Congress and asking for more. What we ought to do for the protection of the Senate and of Congress is to have these servants understand that we are going to hold them responsible for their estimates. No private engineer, no private architect, could deal with his client on the basis with which Congress is constantly being dealt with. If an individual is about to erect a building, he wants to know what it is going to cost; he does not want to know the minimum, but he wants the outside figure; and we know very well that if an architect or engineer in connection with a project makes an estimate which is far short of the cost, we are through with that architect or that engineer. We recognize the fact that we can not depend upon him.

The Congress ought to take the position that estimates must mean something when they come here. We received these estimates for public buildings made in 1926, when the cost of buildings was at least from 25 to 40 per cent higher than it is at the present time; but still the department comes to us and says, "We may not have bids within the limit allowed," and the consequence is they want a 10 per cent leeway.

Mr. WALSH of Massachusetts. Would the Senator be willing to make it 5 per cent?

Mr. HOWELL. No. I will give my reasons and state the purpose of my amendment, so that the Senate may understand that I am not trying to block this construction work.

Mr. WALSH of Massachusetts. I think there is a good deal in what the Senator is saying.

Mr. HOWELL. But I am trying to provide a way by which we can construct these buildings for the estimated cost.

It must be evident to anyone that if a building estimated for in 1926 is going to cost more to-day it is because it has been added to; it is not the same building that they proposed to us at that time. What my amendment proposes is this—

Mr. WALSH of Massachusetts. What is the difference between the Senator's amendment and the present law?

Mr. HOWELL. I have proposed the amendment because I have worked under such an arrangement as it provides with very great success. I propose if the bids on a particular building are not within the estimates that in such case the Secretary of the Treasury can reject all the bids and let the contract by negotiation, in which event, of course, the cost must be less than under the bids.

Mr. SWANSON. If the Senator will permit me, let me say that that is the present law. The present law provides that he can not do otherwise than accept the bid of the lowest responsible bidder, but he can reject all the bids and proceed by negotiation. When the bids are opened and the contract is not awarded to the lowest bidder, I have known a contract to be made for less than the lowest bid.

Under the present law bids are advertised; bids are received and are opened; but the department is not bound to accept them; it can reject all the bids, and then the work may be done at a lower figure than the lowest bid, but it can not be done above that figure. That is the present law.

Mr. HOWELL. It may be when they come to make the contract that certain items are eliminated and then the bid is let; but there is no provision of law now whereby the Secretary of the Treasury can reject all bids and proceed by negotiation.

Mr. SWANSON. That is done every day. The law says he may reject all bids, and he does so and proceeds in the way I have indicated. The Secretary has no right to reject the lowest responsible bid and then award a contract at a higher price, but he can award a contract at a lower price.

Mr. HOWELL. Has he the right to reject all bids and then let the contract to some one, whoever it may be, without readvertising?

Mr. SWANSON. I think he can.

Mr. SMOOT. Oh, no, Senator.

Mr. WALSH of Massachusetts. That is where abuses occur, and that is why public officials always insist upon bids. A private individual can do what the Senator from Nebraska suggests; he can reject all bids and privately negotiate; but, because in public affairs such a practice has been found to be a source of scandal and corruption, it is insisted that contracts shall be given to the lowest bidder. What the Senator suggests can be done by private individuals, but not by Government officials. It is a very dangerous practice in connection with Government work.

Mr. HOWELL. I realize that that criticism has merit, and such a plan might work in that way except for this: My amendment provides that in case a bid is let by negotiation all the facts shall be transmitted to Congress.

Mr. WALSH of Massachusetts. That is helpful, but it is still bad.

Mr. HOWELL. I have suggested this plan because, as I have said, in my State, in connection with a public corporation, it has been in effect for 18 years. I refer to a public corporation, it should be understood.

Mr. WALSH of Massachusetts. I think it is a good practice in the case of private individuals, but not in the case of the Government.

Mr. HOWELL. The corporation to which I am referring is not a private corporation.

Mr. WALSH of Massachusetts. But not a governmental corporation.

Mr. HOWELL. Yes; it is owned by the people; it is a public corporation, and not a private corporation.

Mr. WALSH of Massachusetts. I understand it is a public-service company.

Mr. HOWELL. The plan I am urging has worked with great efficiency for 18 years. When bids are submitted they are opened and a record is made of them. If the bids are rejected and a contract is subsequently entered into by negotiation the contract price must be less than the lowest bid, or those who let the contract are subject to criticism.

Mr. WALSH of Massachusetts. The Senator would not apply that principle to purchasing supplies, would he?

Mr. HOWELL. Yes; I would apply it to purchasing supplies.

Mr. WALSH of Massachusetts. The Senator would not apply that principle to every purchase made by the Govern-

ment, to every transaction involving money payments and do away with the compulsion to award the contract to the lowest bidder, would he?

Mr. HOWELL. Mr. President, I would for this reason. I have had actual experience with it. I know that in a remarkable manner bidders can get together and allocate what they will bid on and what they will stay out of, and the consequence is bids are received of a certain character; the bidders are all together. This is so in connection with bridges, it is so in connection with supplies for public utilities, but with such a provision as I propose money can be saved constantly. As an example, I remember on one occasion we advertised for from three to five carloads of meters.

Mr. WALSH of Massachusetts. I do not think the Senator has in mind the rights of conscientious bidders on these projects.

Mr. HOWELL. Yes; I have in mind the rights of conscientious bidders. If all bids are rejected because they are too high, is any wrong done to the public or to an individual because by negotiation the contract can be let for less, and that is the law? They understand the way they are bidding; and the consequence is that under such a provision there is not a combination among contractors.

If the Senator knew the facts in reference to buildings that are going to be constructed by the Government during the next year, he would be amazed to see how the contractors are together on the bids. By this method we are able to say, "Even though these bids have been submitted with certified checks, if they are not considered satisfactory we can reject them all, and let the contract by negotiation"; and the facts are spread upon the minutes so that no official would let the contract for more than the lowest bid that was received.

Mr. WALSH of Massachusetts. Mr. President, may I ask the Senator a question? Within two weeks the bids on the Boston post office have been opened. Every one of them, the lowest included, is above the estimate. The department is proceeding to readvertise, having made some changes in the plans. Under the Senator's proposal the department could privately call in one contractor and say, "We are going to take some things out of this building and change the plans in this way, and if you come down below the estimate you can have the contract." Is that fair to the other bidders and fair to the public? Does it not lead to corruption and delay?

Mr. HOWELL. Mr. President, where the specifications are changed this provision would not apply. Then they should ask for bids again. Suppose, however, they receive those bids and all of them, we will say, exceed the estimated cost. If the department calls in various bidders and says, "Here, we are going to let this contract, but we are not going to pay more than the estimated cost; now lay your cards on the table," I dare say that in four cases out of five it will succeed in getting a better price.

That is the way I have operated; and the Senator would be amazed to see what happens. They will say, "Very well. If I can get this, however, I do not want the other fellow to know what I am doing." My answer always was, "No one will know what is done until it is done."

Mr. WALSH of Massachusetts. So the Senator recommends first the Government asking for bids, and then, when the lowest bidder is above the estimate, proceeding with private negotiations to get some contractor or some person to do the job for less than the estimate?

Mr. HOWELL. That is true; and when that is the law, they understand it. Every bidder understands it at the time. He is not misled. He knows what the situation is; and I want to tell the Senator that it ends combinations between bidders. They say, "Now, here, boys, there is no chance of getting together on this thing."

Mr. SWANSON. Mr. President, let me ask the Senator a question. How long would it take to get negotiators, and how many would be required to go to every village and little town in the United States and conduct negotiations and have buildings constructed in that way? Does the Senator think we would have the buildings constructed in this generation?

Mr. HOWELL. There is no question about it. It does not take any time.

Mr. SWANSON. How many negotiators would be required for about 1,600 buildings?

Mr. McNARY. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Oregon?

Mr. HOWELL. I yield to the Senator.

Mr. McNARY. I promised the senior Senator from Arizona [Mr. ASHURST] that we might have a short executive session. The hour is getting late; and I ask the Senator from Nebraska if he would be willing to yield at this time and resume his remarks in the morning.

Mr. SWANSON. The Senator would like this matter to go over until to-morrow?

Mr. McNARY. Yes.

Mr. HOWELL. I yield for that purpose.

COURT-MARTIAL OF GEN. SMEDLEY D. BUTLER

Mr. BLEASE. Mr. President, on the 14th of February, 1930, I made some remarks, to be found on page 3636 of the CONGRESSIONAL RECORD of that date, in reference to Gen. Smedley D. Butler.

I ask to have printed in the RECORD an article from the Washington Post of this morning in reference to General Butler, and to state that the persons whose names are mentioned in that article did not give me the information upon which I based my remarks of February 14, 1930.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

[From the Washington Post of Friday, February 6, 1931]

OFFICER PLAYS NAVY ON BUTLER'S CASE—JUDGE ADVOCATE GENERAL OF GUARD TALKS, DEFEYING COURT-MARTIAL—MUSSOLINI IS RAPPED

PHILADELPHIA, February 5 (A. P.).—Col. Frederick Taylor Pusey, judge advocate general of the Pennsylvania National Guard, in an address to-day said the Navy was "making a mountain out of a molehill" in the court-martial proceedings against Maj. Gen. Smedley D. Butler. He spoke at the Poor Richard Club luncheon.

Colonel Pusey said naval officers were constantly "muzzled," while Army officers might criticize whomsoever they wished.

"Why can Generals Pershing, Scott, Bullard, and the rest get away with criticisms of French generals or almost anybody they pick out, and even Premier Mussolini can say, 'The American people are a lot of hogs who want to keep all the gold,' while Butler receives the gag?" he demanded.

Speaking to reporters later, he said: "I'm judge advocate general of the Pennsylvania National Guard and subject to court-martial, but let them hear what I think and then do as they please."

By Edward T. Follard

Four years ago in the city of San Diego, Calif., Maj. Gen. Smedley Butler, of the Marine Corps, attended a party given by Col. Alexander Williams, also of the Marine Corps. A few hours afterwards, Colonel Williams appeared at a dance in an intoxicated condition, and General Butler ordered him arrested and court-martialed.

The news of that episode turned thousands of Americans against General Butler. In their eyes he had committed a serious breach of social etiquette—he had told on his host.

While the Navy Department was announcing yesterday the charges that now have been lodged against General Butler for calling Premier Mussolini, of Italy, a hit-and-run driver would not be made public until the trial on February 16, four persons who attended that San Diego party were explaining General Butler's action against Colonel Williams.

General Butler, they said, really was ordered to prefer charges against Colonel Williams by his superior officer, Rear Admiral A. H. Robertson. General Butler himself, they said, was reluctant to prefer the charges, but, having been ordered to do so by a superior, he could only obey.

This inside story of the celebrated incident, according to the Associated Press, was volunteered by Mr. and Mrs. C. S. A. Henry and Mr. and Mrs. Emmett R. Tatnall, who live in suburbs of Philadelphia. They said the story had been told them by Admiral Robertson himself.

Not long after he had been court-martialed, Colonel Williams drove his automobile into San Francisco Bay and was drowned.

EXECUTIVE SESSION

Mr. McNARY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business in open session.

EXECUTIVE MESSAGES REFERRED

Messages from the President of the United States making sundry nominations were referred to the appropriate committees.

REPORTS OF NOMINATIONS

The PRESIDENT pro tempore. Reports of committees are in order.

Mr. BINGHAM. Mr. President, I report from the Committee on Territories and Insular Affairs the nomination of Dr. Paul M. Pearson, of Pennsylvania, to be Governor of the Virgin Islands, and ask that it may be placed on the Executive Calendar.

The PRESIDENT pro tempore. The nomination will be received and placed on the Executive Calendar.

Mr. REED. Mr. President, in connection with the nomination just reported, which is that of Doctor Pearson to be Governor of the Virgin Islands, I ask leave to have printed in the CONGRESSIONAL RECORD at this point four newspaper articles with regard to Doctor Pearson's qualifications.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The articles referred to are as follows:

[From the New York Evening Post, February 3, 1931]

THE NEW GOVERNOR OF THE VIRGIN ISLANDS

Hearings were held last year by a congressional committee looking toward the removal of Samoa from the control of the Navy Department. Definite action in that direction has now been taken by President Hoover in regard to the Virgin Islands. They have been assigned to the Department of the Interior, with the substitution of a civil governor, Dr. Paul M. Pearson, of Pennsylvania, for their former naval governor.

In appointing Doctor Pearson to this post the President has made an admirable selection. Through his work with the Chautauqua associations, the Red Cross, and other social-service activities the prospective governor has had experience in educational and philanthropic work which should stand him in good stead in his new duties.

[From the Philadelphia Public Ledger]

COMMENTS THE APPOINTMENT OF DOCTOR PEARSON

To the EDITOR OF THE PUBLIC LEDGER:

SIR: Is it in order to express the gratification of a wide circle of Americans over the nonpolitical appointment of Dr. Paul M. Pearson to be Governor of the Virgin Islands? Doctor Pearson is nationally known as a leader of all sane, forward-looking movements. He is of that type of American described by Kipling, who—

Turns a keen, untroubled face
Home to the instant need of things.

His initiative established the Pennsylvania Chautauqua, which for many years carried inspiration and entertainment to thousands of communities up and down the Atlantic States and into Canada. He is an experienced and internationally minded man of affairs, skilled in personal contacts, and a gentleman of singular personal charm.

In his rather lonely and difficult new field of service Doctor Pearson will carry on the highest traditions of America.

WILLIAM T. ELLIS.

SWARTHMORE, PA., January 31, 1931.

[From the Washington Evening Star, January 31, 1931]

CIVIL RULE IN VIRGIN ISLANDS

President Hoover announces the transfer of governmental rule in the Virgin Islands, our 1917 purchase in the Caribbean from Denmark, from the Navy to the Interior Department. The change involves no semblance of dissatisfaction with the sailors' régime at St. Thomas, the Navy, in fact, having asked to be relieved of further administrative duties. Capt. Waldo E. Evans, United States Navy, with a highly creditable record as governor of the islands, is to be succeeded by Dr. Paul M. Pearson, of Swarthmore, Pa., whose nomination to the new civilian post was made known at the White House yesterday.

Mr. Hoover explains that "we have undertaken to reorganize the government of the Virgin Islands." Evidently their economic and cultural needs are henceforward to be stressed more than in the past. Mr. Herbert D. Brown, Chief of the Federal Bureau of Efficiency, visited the islands in 1929, and plans for their future administration are based upon his findings and recommendations. The Director of the Budget will cooperate with the new governor in executing some of the projects urged by Mr. Brown for the island folks' betterment.

Although the Virgin group contains a population of under 40,000, it is considered to have possibilities worthy of Uncle Sam's systematic care and development. We hit the islands a body blow when through prohibition we blotted out their profitable rum trade with the United States. Since then another form of

drought—the one from which 21 American States are still suffering—did even greater damage to the islands' crops, mostly sugar. The Brown plan calls for diversified farming, a scheme to which Cuba, brought to the verge of economic ruin by its 1-crop system, is now giving close attention.

Doctor Pearson, now named Governor of the Virgin Islands, is a college professor, a famous Chautauqua leader, a man of deep humanitarian instincts, and understood to be filled with an evangelical enthusiasm for the post President Hoover has just assigned him. The islands are a tiny proposition, compared to our other insular possessions like the Philippines, Hawaii, and Porto Rico. But there is a "white man's burden" to be shouldered there, and Doctor Pearson has all the qualifications to hoist and carry it effectively.

[From the Washington News]

A COLONIAL REFORM

President Hoover's decision to substitute civilian for naval government in the Virgin Islands is wise. And he has found in Dr. Paul M. Pearson, of Swarthmore, an ideal civil governor.

It is a difficult job, requiring administrative insight, courage to make changes, and above all a sympathetic attitude toward the Virgin Islanders and their hard economic problem. Pearson's wide experience as a community organizer and educator will be especially useful where educational and social-service leadership is so much needed.

Herbert D. Brown, Chief of the United States Bureau of Efficiency, whose brilliant study of island conditions is largely responsible for the governmental reorganization, shares with the President the credit for the reforms now in prospect.

Ever since the Virgin Islands were purchased from Denmark in 1917 the population has steadily decreased, due chiefly to immigration to Harlem and to prohibition. Prohibition killed the rum industry and hurt the bay-rum industry.

The islands were purchased during war hysteria, when it was rumored that Germany was trying to get them. They contain some of the best harbors in the Caribbean, and are on a direct steamship route between New York and the Panama Canal. But after the Navy obtained the islands, it decided that their value as naval bases was exaggerated. So the Navy is now said to be anxious to withdraw from the responsibilities of local government.

Naval rule has not taken into consideration to any appreciable extent the basic social and economic problems. The population is more than 95 per cent black, the whites being Danes, Irish, and English of the old planter type, not particularly anxious to raise the negro out of his state of virtual peonage.

The Hoover program, which Governor Pearson and his civilian staff will initiate, is said to include crop diversification, promotion of handicraft industries, encouragement of tourist traffic, and improvement of the fiscal and educational systems.

Mr. REED, from the Committee on Military Affairs, reported favorably the nominations of sundry officers in the Regular Army, which were placed on the Executive Calendar.

Mr. PHIPPS, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters, which were placed on the Executive Calendar.

THE CALENDAR

The PRESIDENT pro tempore. The calendar is in order.

THE JUDICIARY

The nomination of Albert M. Sames to be United States district judge, district of Arizona, was read.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

CUSTOMS SERVICE

The nomination of Bromley Wharton to be appraiser of merchandise, customs collection district No. 11, Philadelphia, Pa., was read.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

POSTMASTERS

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

That completes the calendar.

RECESS

Mr. McNARY. I move, as in legislative session, that the Senate take a recess until 11 o'clock to-morrow morning.

The motion was agreed to; and (at 5 o'clock and 37 minutes p. m.) the Senate, as in legislative session, took a recess until to-morrow, Saturday, February 7, 1931, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate February 6 (legislative day of January 26), 1931

ASSOCIATE JUSTICE OF THE SUPREME COURT OF THE DISTRICT OF COLUMBIA

James M. Proctor, of the District of Columbia, to be an associate justice of the Supreme Court of the District of Columbia, to succeed William Hitz, appointed associate justice of the Court of Appeals, District of Columbia.

COLLECTOR OF CUSTOMS

Curtis M. Johnson, of Rush City, Minn., to be collector of customs, collection district No. 36, with headquarters at Duluth, Minn., to fill an existing vacancy.

COAST AND GEODETIC SURVEY

The following-named officers of the Coast and Geodetic Survey to the position named:

To be aide with relative rank of ensign in the Navy

William Francis Deane, of Texas, vice G. M. Marchand, promoted.

Edgar Flanay Hicks, jr., of Tennessee, vice H. F. Garber, promoted.

Emmett Hugh Sheridan, of California, vice C. J. Wagner, promoted.

Thomas Malcolm Price, jr., of the District of Columbia, vice R. A. Earle, promoted.

Arthur Loren Wardwell, of Vermont, vice K. B. Jeffers, promoted.

Raymond Henry Tryon, jr., of Massachusetts, vice E. C. Baum, promoted.

REAPPOINTMENT IN THE OFFICERS' RESERVE CORPS OF THE ARMY

GENERAL OFFICER

Brig. Gen. John Henry Sherburne, reserve, to be brigadier general, reserve, from February 11, 1931.

POSTMASTERS

ALABAMA

Annie H. Smith to be postmaster at Fort Deposit, Ala., in place of A. H. Smith. Incumbent's commission expired December 13, 1930.

CALIFORNIA

Marjorie E. Stover to be postmaster at Crannell, Calif., in place of M. E. Stover. Incumbent's commission expired July 2, 1930.

Peter A. Stenberg to be postmaster at Rio Linda, Calif., in place of Fred Herring, resigned.

COLORADO

Frank E. Stewart to be postmaster at Golden, Colo., in place of F. E. Stewart. Incumbent's commission expired July 2, 1930.

FLORIDA

Thomas W. Lundy to be postmaster at Ferry, Fla., in place of T. W. Lundy. Incumbent's commission expired December 21, 1930.

IDAHO

John W. Reid to be postmaster at Bonners Ferry, Idaho, in place of G. F. Gleed, resigned.

ILLINOIS

Carl J. Ekman to be postmaster at Batavia, Ill., in place of C. J. Ekman. Incumbent's commission expired December 11, 1930.

George H. Warnecke to be postmaster at Bensenville, Ill., in place of G. H. Warnecke. Incumbent's commission expired December 11, 1930.

James E. Seabert to be postmaster at Dwight, Ill., in place of J. E. Seabert. Incumbent's commission expired December 14, 1930.

INDIANA

Miles B. Staley to be postmaster at Lawrence, Ind. Office became presidential July 1, 1930.

Charles R. Jones to be postmaster at Summitville, Ind., in place of C. R. Jones. Incumbent's commission expired December 14, 1930.

IOWA

Harry Carver to be postmaster at Fontanelle, Iowa, in place of Harry Carver. Incumbent's commission expired December 21, 1930.

KANSAS

William B. Underwood to be postmaster at Downs, Kans., in place of N. W. Nixon. Incumbent's commission expired January 18, 1931.

KENTUCKY

Walter W. Crick to be postmaster at Madisonville, Ky., in place of W. W. Crick. Incumbent's commission expires February 17, 1931.

LOUISIANA

Lillian Causey to be postmaster at Bonita, La., in place of Lillian Causey. Incumbent's commission expired June 19, 1930.

MASSACHUSETTS

Joseph V. Curran to be postmaster at Attleboro, Mass., in place of J. V. Curran. Incumbent's commission expires February 17, 1931.

Nathaniel P. Coleman to be postmaster at Hyannis, Mass., in place of N. P. Coleman. Incumbent's commission expires February 17, 1931.

Elizabeth B. Flint to be postmaster at North Attleboro, Mass., in place of E. B. Flint. Incumbent's commission expires February 17, 1931.

Howard M. Douglas to be postmaster at Plymouth, Mass., in place of H. M. Douglas. Incumbent's commission expires February 17, 1931.

Martin H. Hickey to be postmaster at Shrewsbury, Mass., in place of D. B. Daniels, resigned.

Josephine E. Dempsey to be postmaster at South Ashburnham, Mass., in place of J. E. Dempsey. Incumbent's commission expires February 17, 1931.

MINNESOTA

Gustav E. Hensel to be postmaster at Howard Lake, Minn., in place of G. E. Hensel. Incumbent's commission expired December 17, 1930.

Claire M. Peterson to be postmaster at Stanchfield, Minn., in place of C. M. Peterson. Incumbent's commission expired December 17, 1930.

MISSISSIPPI

William W. Shook to be postmaster at Belmont, Miss., in place of B. A. Hallmark. Incumbent's commission expired July 2, 1930.

Mable C. Whitaker to be postmaster at Gunnison, Miss., in place of M. C. Whitaker. Incumbent's commission expired March 25, 1930.

Joel L. Peach to be postmaster at Saitillo, Miss., in place of W. P. Gardner, jr. Incumbent's commission expired December 15, 1929.

MISSOURI

J. Orville Gochner to be postmaster at Belton, Mo., in place of J. O. Gochner. Incumbent's commission expires February 17, 1931.

I. Scott Jones to be postmaster at Bonne Terre, Mo., in place of I. S. Jones. Incumbent's commission expires February 17, 1931.

William R. Lytle to be postmaster at Fredericktown, Mo., in place of W. R. Lytle. Incumbent's commission expires February 17, 1931.

Thomas J. Richardson to be postmaster at Koshkonong, Mo., in place of T. J. Richardson. Incumbent's commission expires February 17, 1931.

NEW JERSEY

Madge B. Vanderpoel to be postmaster at Montvale, N. J., in place of F. C. Blossfeld, removed.

Everett N. Crandell to be postmaster at North Hackensack, N. J., in place of E. N. Crandell. Incumbent's commission expired December 14, 1930.

James R. Dick to be postmaster at Phillipsburg, N. J., in place of Arthur Knowles, deceased.

NEW MEXICO

Berthold Spitz to be postmaster at Albuquerque, N. Mex., in place of Berthold Spitz. Incumbent's commission expired December 16, 1929.

NEW YORK

Ella E. Wood to be postmaster at Elizabethtown, N. Y., in place of R. R. Wood. Incumbent's commission expired December 21, 1929.

NORTH CAROLINA

Mortimer H. Mitchell to be postmaster at Aulander, N. C., in place of H. C. Holloman, removed.

Frank Colvard to be postmaster at Robbinsville, N. C., in place of Frank Colvard. Incumbent's commission expires February 16, 1931.

Mattie C. Lewellyn to be postmaster at Walnut Cove, N. C., in place of M. C. Lewellyn. Incumbent's commission expires February 16, 1931.

OHIO

Herbert O. Tinlin to be postmaster at Carrollton, Ohio, in place of H. O. Tinlin. Incumbent's commission expires February 17, 1931.

John P. Cramer to be postmaster at Fredericksburg, Ohio, in place of J. P. Cramer. Incumbent's commission expires February 17, 1931.

William F. Lyons to be postmaster at Mentor, Ohio, in place of W. F. Lyons. Incumbent's commission expired December 17, 1930.

Minnie A. Jackson to be postmaster at Rockford, Ohio, in place of M. A. Jackson. Incumbent's commission expired February 4, 1931.

John M. Washington to be postmaster at Sabina, Ohio, in place of J. M. Washington. Incumbent's commission expires February 17, 1931.

Clyde S. Perfect to be postmaster at Sunbury, Ohio, in place of C. S. Perfect. Incumbent's commission expires February 17, 1931.

OKLAHOMA

J. Ward McCague to be postmaster at Ralston, Okla., in place of J. W. McCague. Incumbent's commission expires February 16, 1931.

OREGON

Robert N. Torbet to be postmaster at Albany, Oreg., in place of R. N. Torbet. Incumbent's commission expires February 14, 1931.

Arlington B. Watt to be postmaster at Amity, Oreg., in place of A. B. Watt. Incumbent's commission expires February 11, 1931.

PENNSYLVANIA

Effie P. Corts to be postmaster at Karns City, Pa., in place of E. P. Corts. Incumbent's commission expired January 29, 1931.

Wilbur C. Johnson to be postmaster at Lopez, Pa., in place of W. C. Johnson. Incumbent's commission expired February 4, 1931.

F. Carroll Krautter to be postmaster at Newfoundland, Pa., in place of C. F. Ehrhardt, resigned.

James B. Anderson to be postmaster at Pittsburgh, Pa., in place of G. W. Gosser, retired.

Harry B. Paterson to be postmaster at Vandergrift, Pa., in place of J. A. Stickel, removed.

Clyde W. Bailey to be postmaster at Wellsboro, Pa., in place of B. F. Edwards. Incumbent's commission expired January 22, 1928.

SOUTH CAROLINA

John C. Spann to be postmaster at Allendale, S. C., in place of L. C. Vance, removed.

TEXAS

Manley J. Holmes to be postmaster at Baird, Tex., in place of M. J. Holmes. Incumbent's commission expired January 13, 1930.

Lock M. Adkins to be postmaster at Beeville, Tex., in place of L. M. Adkins. Incumbent's commission expired January 15, 1931.

William F. Rayburn to be postmaster at Lovelady, Tex., in place of C. M. Click. Incumbent's commission expired March 16, 1930.

Robert C. Fechner to be postmaster at Pleasanton, Tex., in place of N. C. Brite, removed.

William J. Whitson to be postmaster at Spearman, Tex., in place of H. L. Gibner, resigned.

VIRGINIA

Robert E. Berry to be postmaster at Green Bay, Va., in place of R. E. Berry. Incumbent's commission expired December 22, 1930.

John W. Rodgers to be postmaster at Hampden Sydney, Va., in place of J. W. Rodgers. Incumbent's commission expired December 22, 1930.

Susie F. Jarratt to be postmaster at Jarratt, Va., in place of S. F. Jarratt. Incumbent's commission expired December 22, 1930.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 6 (legislative day of January 26), 1931

UNITED STATES DISTRICT JUDGE

Albert M. Sames to be United States district judge, district of Arizona.

APPRAISER OF MERCHANDISE

Bromley Wharton to be appraiser of merchandise, customs collection district No. 11, Philadelphia, Pa.

POSTMASTERS

COLORADO

William A. Russom, Bristol.
Earl E. Ewing, Colorado Springs.
John L. Nightingale, Fort Collins.
Theodore Stremme, Gypsum.

INDIANA

Albert O. Cripe, Alexandria.
Lewis A. Graham, Decatur.

LOUISIANA

Virgil N. McNeely, Colfax.
James L. Love, Olla.

MARYLAND

Minnie E. Keefauver, Berwyn.
Susie S. Thompson, Hillsboro.

MONTANA

Henry D. Thomas, Moccasin.

NEW YORK

Leon A. Currey, Geneva.

NORTH CAROLINA

John W. McLean, Rowland.
John H. Williams, Rutherfordton.

NORTH DAKOTA

Mina H. Aasved, Carson.
Josephine M. Lierboe, Turtle Lake.

WASHINGTON

Charles R. Bockmier, Granite Falls.
Maud E. Hays, Starbuck.
Arthur A. Bousquet, Wenatchee.

WEST VIRGINIA

John B. Hilleary, Buckhannon.
William M. Kidd, Burnsville.
Carl A. Dehner, Chester.
Walter O. Deacon, Hurricane.
Oliver A. Locke, Milton.
Flavius E. Strickling, West Union.

HOUSE OF REPRESENTATIVES

FRIDAY, FEBRUARY 6, 1931

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Heavenly Father, may we breathe out our heart-felt prayer with penitent confession and triumphant trust. We would earnestly seek Thee that our whole life may be free, useful, and joyous. We thank Thee for the knowledge we have of Thy personal redeeming and enfolding love. In the light of this truth help us to cultivate our high moral sense, testing it by the standard of the Master. O God, may we never fail Thee nor our fellow men. Make us true to every precept of Thy law and unfailingly loyal to the obligations of justice, truth, and purity. As on and on we go, may we advance toward the fulfillment of our destiny. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had agreed to the amendments of the House to a bill of the following title:

S. 3165. An act conferring jurisdiction upon the Court of Claims to hear, consider, and report upon a claim of the Choctaw and Chickasaw Indian Nations or Tribes for fair and just compensation for the remainder of the leased district lands.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 15256) entitled "An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1932, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McNARY, Mr. JONES, Mr. CAPPER, Mr. SMITH, and Mr. HARRIS to be the conferees on the part of the Senate.

BLACKFEET INDIAN IRRIGATION PROJECT

Mr. LEAVITT. Mr. Speaker, I ask unanimous consent that the bill (H. R. 16706) to authorize the Secretary of the Interior to extend the time for payment of charges due on the Blackfeet Indian irrigation project, and for other purposes, which is No. 640 on the Union Calendar, be laid on the table, for the reason that identical language was included as an amendment of a Senate bill which was passed on Calendar Wednesday.

The SPEAKER. The gentleman from Montana asks unanimous consent that the bill H. R. 16706 may be laid on the table, similar legislation having been passed in a Senate bill recently. Is there objection?

There was no objection.

DISTRICT OF COLUMBIA APPROPRIATION BILL

Mr. SIMMONS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 16738) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1932, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 16738, with Mr. LA GUARDIA in the chair.

The Clerk read the title of the bill.

The Clerk read as follows:

Repairs: For current work of repairs to streets, avenues, roads, alleys, including purchase, exchange, maintenance, and operation of nonpassenger-carrying motor vehicles used in this work, and the rental of necessary garage space therefor; and including the surfacing and resurfacing, or replacement, with the same or other approved materials, of such asphalt or concrete pavements as may be done within the funds available under this appropriation,

\$1,175,000: *Provided*, That the Commissioners of the District of Columbia are hereby authorized to replace the existing municipal asphalt plant at a cost not to exceed \$20,000.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word.

The proviso authorizes the reestablishment or the replacement of the existing municipal asphalt plant at a cost not to exceed \$20,000. It is my offhand impression that a municipal asphalt plant of any consequence could not be erected within such a small limit of appropriation. What is the purpose of having the present existing asphalt plant changed?

Mr. SIMMONS. If my recollection is correct, it is this: At the present time the asphalt plant is not in operation. This work is being done by contract. The proviso is carried merely to enable the city to operate its own asphalt plant in the event we can not secure what is deemed to be proper prices and proper contracts from bidders.

Mr. STAFFORD. Will the gentleman inform the committee whether the District has any means of repairing at their own expense the worn-out asphalt, or is that all included in the contract for the original contractor to replace and keep in condition?

Mr. SIMMONS. The language in the bill calls for the original contractor to replace and to protect the District for four or five years, I have forgotten which, and beyond that it is cared for out of the repair item in this bill, part of the work being done by day labor and part by contract.

Mr. STAFFORD. If I may be permitted, in my home city, where we let out contracts for asphalt paving to private concerns, the repair work is done largely by the municipality, the municipality having a special plant and a special crew, and sometimes it replaces large stretches of highway with new asphalt.

Mr. SIMMONS. That can be done here under the provisions of existing law, but the engineer department and the highway department feel that having the work done by contract is more economical than it is for the District to attempt to do it by day labor.

Mr. STAFFORD. I would not for one moment want the impression to go abroad that the character of the asphalt here is not of the highest order, because I have noticed from my observation that the asphalt in the District of Columbia sustains its condition far better than the asphalt even in my home city and in other cities.

I withdraw the pro forma amendment.

The pro forma amendment was withdrawn.

The Clerk read as follows:

For the completion of the construction of high-temperature incinerators for the destruction of combustible refuse, under and in accordance with the provisions of the act entitled "An act authorizing the acquisition of land in the District of Columbia and the construction thereon of two modern high-temperature incinerators for the destruction of combustible refuse, and for other purposes," approved March 4, 1929 (46 Stat. 1549), \$300,000.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word in order to obtain information about the construction of these high-temperature incinerators. I assume that they are in the course of construction.

Mr. SIMMONS. I do not know whether they have commenced construction, the sites have been purchased, but whether the actual construction has begun I can not say.

Mr. STAFFORD. Are they to be located within the boundaries of the District?

Mr. SIMMONS. Yes, sir.

Mr. STAFFORD. Where are the sites?

Mr. SIMMONS. One is located in the commercial area of Georgetown and the other is in the northeast.

Mr. STAFFORD. Do they emit any fumes which would make them objectionable to adjoining property?

Mr. SIMMONS. There has been no complaint. We are trying to get away from the residential area, and we have had no complaint about it.

Mr. STAFFORD. Mr. Chairman, I withdraw the pro forma amendment.

The Clerk read as follows:

For personal services, \$114,680: *Provided*, That employments hereunder, except directors who shall be employed for 12 months,

shall be distributed as to duration in accordance with corresponding employments provided for in the District of Columbia appropriation act for the fiscal year 1924.

Mr. SIMMONS. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 34, line 15, strike out "\$114,680" and insert in lieu thereof "\$115,940."

The amendment was agreed to.

The Clerk read as follows:

For general maintenance, equipment, supplies, incidental and contingent expenses of playgrounds, including labor and maintenance of one motor truck, \$37,000; for construction of physical improvements by day labor or otherwise in the discretion of the commissioners, \$25,000; in all, \$62,000.

Mr. SIMMONS. Mr. Chairman, I offer the following amendments.

The Clerk read as follows:

Page 34, line 23, strike out the sum "\$37,000" and insert "\$38,000."

On page 35, line 2, after the words "in all," strike out "\$62,000" and insert in lieu thereof "\$63,000."

The amendments were agreed to.

The Clerk read as follows:

For placing wires of fire alarm, police patrol, and telephone services underground, extension and relocation of police-patrol and fire-alarm systems, purchase and installing additional lead-covered cables, labor, material, appurtenances, and other necessary equipment and expenses, including not to exceed \$8,800, for replacement of obsolete engine house fire alarm recording registers and take-up reels by new-type registers and reels, \$35,000.

Mr. SIMMONS. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 36, line 13, after the word "reels" strike out the sum of "\$35,000" and insert in lieu thereof "\$44,225."

The amendment was agreed to.

The Clerk read as follows:

For the purpose of making a study of the power needs of the District of Columbia with a view to establishing a municipally owned and operated service therefor, including the employment, by contract or otherwise, of such expert and other personal services as shall be approved by the commissioners, without reference to the classification act of 1923, as amended, traveling expenses (including traveling expenses previously incurred and that may be incurred prior to July 1, 1931), and necessary incidental expenses, \$15,000; and the unexpended balance of the appropriation for this purpose contained in the District of Columbia appropriation act for the fiscal year 1931 is continued available until June 30, 1932.

Mr. BRIGGS. Mr. Chairman, I move to strike out the last word. I want to ask the chairman of the subcommittee a question or two on these traffic lights, and so forth. What provision has been made with reference to an increased installation throughout the more congested areas? I know that under an earlier part of the bill an appropriation is carried for additional traffic lights. I should like to ask whether it is contemplated to install them at a larger number of congested areas in Washington, or whether they are going to stick them all on the outskirts where there is no need of them. I notice that in Washington many accidents are happening where they need traffic lights—for instance, at New Jersey Avenue and Massachusetts Avenue, and at Connecticut Avenue and California Street, where Columbia Road enters Connecticut Avenue, and where the congestion is terrific. Accidents are happening all the time—they have no officer at times and no traffic lights. There are a number of other places in the city where they have bad conditions, as well as on Connecticut Avenue. I was wondering what the District authorities are going to do to improve conditions.

Mr. SIMMONS. The bill carries \$35,000 for the purchase of additional lights.

In the hearings the gentleman will find a statement as to where that expenditure is to be made. Generally it is in what we call the downtown congested area. There is some dispute as to the kind of lights, the question of the working of the signals, and the step-up of the signals, and all that, which they are working out.

Mr. BRIGGS. It seems to me that every time one picks up a Washington newspaper these days one finds an account of serious traffic accidents; and while the lights in themselves are not going to entirely stop that occurrence, especially with the speed at which many of the machines run in this city, particularly the taxicabs, a lot of it can be abated. More than that, it seems to me that there is not enough motor-cycle police patrol of these streets to see that people are observing the speed laws. It seems a rare thing to see a motor-cycle policeman around; and if one does see him, he seems to be bent on going back to the station, to be relieved, from the outskirts, instead of being active on the streets, patrolling them, to compel observance of traffic laws and regulations. If there were more of these motor-cycle policemen patrolling the streets, we would not have any necessity for many arrests, because the very fact of the presence of the policemen would deter motorists from violating the law. I notice that at Dupont Circle automobiles often run by the red lights; those motorists get within the last block of the circle lights, and if they think there is nobody around they shoot through, to the danger of the pedestrian. We have had serious accidents there, and that sort of thing ought to be checked. I am wondering whether the gentleman's committee has been making any inquiries into the conditions indicated, with a view to not only having the necessary traffic lights established where necessary but to see that the traffic laws are better enforced than apparently they are.

Mr. SIMMONS. I rather think that the gentleman will find that the committee has been insisting on that at different times. There has been a sentiment in downtown Washington against the traffic lights, an influence against their installation, and that has been reflected at certain times in other quarters which have to do with this bill. We have not been able to go as fast as I believe we could in the installation of traffic lights, but they are making rather satisfactory progress. Regarding the motor-cycle policemen, the reason the gentleman has not seen them is due to the fact that two years ago we initiated the policy of doing away with motor cycles on account of the high mortality and the great number of accidents among motor-cycle policemen. The policemen are on the highways, but they are in small 2-passenger automobiles.

Mr. BRIGGS. I notice machines swing down Connecticut Avenue at such high speed and in such numbers that pedestrians have the greatest difficulty and encounter constant danger in getting across the street. It is not only a serious proposition to grown people but it is an even more menacing danger to children. It has occurred to me that there should be more consideration given to controlling those traffic conditions than is being given by the police department and the director of traffic, or whoever has charge of that. It seems as if the dispute as to who has jurisdiction, the traffic director or the police department, operates very seriously against the safety of the public.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the pro forma amendment. In order to facilitate the service of a Member here, both at this end and at the other end of the Capitol, there has been granted to Members what is known as a congressional tag for their automobiles. That is not some special privilege of immunity which is to inure to the personal benefit of the Representative. It is to enable him to better represent his constituents when he goes down before the different departments in Washington, so that he can find a place to park his car without being interfered with by the traffic officers. It is for the benefit of his district and the people whom he represents.

Because that has been granted there is a feeling of animosity on the part of some few of the traffic officers, and every once in a while one will see a Member played up to disadvantage in the press. For instance, the other day our distinguished colleague the Delegate from Alaska [Mr. SUTHERLAND], one of our finest Members, went down to a department to see people on official business and left his car there for a few minutes. A traffic officer came up and gave him a ticket, and, being the modest fellow that he is,

he just went down and said, "What shall I do?" He was told to put up \$3; and to keep from having a controversy he handed over \$3. It was an outrage. They knew that they had no right to molest him or his car. He was on official business, and his car had on it a congressional tag, and that ought to mean something to these traffic officers.

Not long ago one of our Members, Mr. BUSBY, a splendid Member, was played up in the press, in every paper in Washington, on the front page, to his disadvantage.

It was said that three different complaints were going to be made against him, and that he would be arrested on three different charges, when every man down in the police department knew that the Constitution of the United States protected him in his rights, and knew that under the Constitution they could not arrest him and could not file a complaint against him. Yet he is played up in the press to his disadvantage.

I hope that my friend from Nebraska [Mr. SIMMONS], who has charge of this bill now, and the Member who is fortunate enough to succeed him in this very unpleasant position of handling the District bill, will give this police department and the Commissioners of the District to understand that this congressional tag which is issued to Members to help them perform their duties better for their constituency means something and that they must respect it.

Mr. SIMMONS. Mr. Chairman, the gentleman from Texas [Mr. BLANTON] has raised a question that probably concerns every Member of the House, at least every Member who has an automobile. He has said that he hopes the Members of the House in charge of this bill will take some action regarding what these congressional tags mean. I say to the gentleman from Texas, in all frankness, that they mean absolutely nothing. Congress has given them no potency. There has never been a regulation issued by the traffic department or the police department in respect to them, and none can be issued because they have no authority to give them potency.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. SIMMONS. Yes, sir.

Mr. BLANTON. At the time those tags were issued there was a gentleman's agreement between the Subcommittee of the District of Columbia and the commissioners themselves that those congressional tags would be issued and would be respected and recognized by the police department when Members of Congress were visiting the different departments on official business.

Mr. SWING. Will the gentleman yield?

Mr. SIMMONS. Let me answer the gentleman's statement, and then I will yield. A gentleman's agreement of that kind can not give potency to these tags. We went into the matter with the department. If Congress wishes to give to the Members of Congress on official business certain rights in the streets and traffic, we should pass legislation for it.

Mr. BLANTON. If they are not recognizing the gentleman's agreement we ought to pass that legislation, because we can not transact business properly unless we have a way of getting our cars to the different departments. For blocks around sometimes there are so many cars parked that it is necessary to park your car three blocks away from some of the departments.

Mr. SIMMONS. Not only do the policemen have no right legally to recognize those signs, but, in my judgment, they are a distinct menace. I have been told that some time ago one or two bootleggers in Washington operated under congressional tags and claimed immunity. There are boys going to school in Washington with congressional tags on their cars claiming traffic immunity. The whole thing is fundamentally wrong the way it is being handled. So much do I think this that I have not used one on my car for the last two years.

Mr. BLANTON. Then, why have the District Commissioners gone to the expense of having the new 1931 congressional tags made and distributed to the Members of the House and Senate? If they are worth nothing, they ought to stop that expense and not charge the people of the country with it.

Mr. SIMMONS. Probably because the District Commissioners do not wish to deny the tags to Members of Congress who ask for them.

Mr. BLANTON. If they are not worth anything, they should not be used.

Mr. SIMMONS. They have absolutely no legal effect whatever, and there has never been a regulation issued on them. I asked the chief of police two years ago what they meant, and he said, "Frankly, I do not know, because there has never been a regulation issued about them."

Mr. BLANTON. That was because we had a change in all three Commissioners of the District and they have not told the men what the congressional tags mean.

Mr. SIMMONS. We should have a legislative bill, and tags should be so restricted that they will be used by Members on official business and not by any number of people who have gotten them. I am told you can buy them in the 10-cent store. Nobody has any authority to issue them or to take them up.

Mr. SWING. Will the gentleman yield.

Mr. BLANTON. They are all numbered consecutively.

Mr. SWING. Will the gentleman yield?

Mr. SIMMONS. I yield.

Mr. SWING. The trouble is there are more of these tags on cars driven by people who are not Members of Congress than by people who are Members of Congress. If the tag instead of reading "Congressional" should read "Member of Congress," and if it were limited to that, it would have some effect and would prevent every clerk and stenographer or anybody else driving all over town claiming immunity and trying to put the Members of Congress in bad by claiming immunity that a Congressman would not himself claim.

Mr. SIMMONS. The Sergeant at Arms has been asked to do everything he can to limit the issuance of these to Members, and Members only.

The CHAIRMAN. The time of the gentleman from Nebraska [Mr. SIMMONS] has expired.

Mr. SIMMONS. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. SIMMONS. The fact remains they have no legal effect whatever. The police department, if they recognize them, do it as an act of comity and not as anything required by the regulations or by law. If Congress wants to have them, we should relieve the Sergeant at Arms, we should relieve the Speaker of this House, and we should relieve the commissioners and the police department of the District of Columbia by not asking for something for which there is no law for them to give us.

Mr. BLANTON. Will the gentleman yield?

Mr. SIMMONS. I yield.

Mr. BLANTON. The 1931 tags are all numbered consecutively. When the Sergeant at Arms has an application for one, your name is put against your number and you present the application to the traffic bureau and they furnish you with that particular number. Both the traffic bureau and the Sergeant at Arms has the number of your tag and your name, and you can not buy one at the 10-cent store that could be used.

Mr. SIMMONS. That has reference, probably, to the ones issued now.

Mr. BLANTON. The make and model of your car and the number of your engine is put on these applications.

Mr. SIMMONS. That did not apply to old ones issued before this year. The fact is, they have absolutely no legal status whatever.

Mr. LOZIER. Will the gentleman yield?

Mr. SIMMONS. I yield.

Mr. LOZIER. Let me say in support of the contention of the gentleman from Nebraska that my observation has been that the traffic officers and policemen as a whole have been uniformly fair in the treatment of Members of Congress. I have never run foul of any traffic officer or policeman, and I have no brief for them; but I have observed sometimes, I regret to say, a disposition on the part of some

Members of Congress to abuse the privileges which the District officials are inclined to give them.

In this connection, if the gentleman will permit, I am personally acquainted with Inspector Brown, head of the traffic bureau, and I am quite sure he is free from any disposition to harass Congressmen or to abuse the authority that may be reposed in him or his officers. Of course, there may be exceptions to this rule. I think there should be the utmost cooperation between the Members of Congress and the police and traffic departments, and that no Member of Congress should violate traffic rules or demand privileges and immunities which are denied to the general public.

Mr. SIMMONS. In my judgment they should not be issued at all. If they are to be issued, there should be some arrangement whereby they will be used by a Member strictly for official business.

My personal opinion is that the people of Washington resent, and properly so, the thought that a Member of Congress, because he is a Member of Congress, has privileges in the streets that are not accorded to the citizenship of the city generally. If we are to have official business privileges around the departments, that is one thing; but the idea that because we are Members of Congress we are entitled to privileges all over the city is entirely another thing. I have not used my congressional tag for two years. I think the people of Washington resent the fact that Members of Congress use them. I do not want to put myself in the position of asking for privileges in the streets of Washington that are denied to the citizenship of the city generally.

Mr. EATON of Colorado. Let me direct the gentleman's attention to the constitutional provision which, I think, covers the point. It reads:

Representatives shall in all cases, except treason, felony, and breach of the peace, be privileged from arrest during their attendance at the session of their respective Houses, and in going to and returning from the same.

Which is the very point the gentleman is discussing now.

Mr. SIMMONS. No, no. We are talking about the clerks, or the son or the daughter or wife of Members, who are asking for privileges, as a result of congressional tags, anywhere in the city of Washington.

Mr. EATON of Colorado. I thought the gentleman was talking about the rights of Representatives.

Mr. SIMMONS. The immunity of Representatives is another thing.

Mr. LEAVITT. It does not require a tag on a car to give a Member his constitutional rights.

Mr. SIMMONS. That is the point I tried to make. It does not require a tag to secure immunity for a Representative.

Mr. LEAVITT. The necessity for abolishing or regulating the tags is due to the abuses of them. I agree with the gentleman from Nebraska that they should be recalled. I had an experience this morning myself when driving to work. A chauffeur driving a large car with a congressional tag on it came right down the middle of the street.

The CHAIRMAN. The time of the gentleman from Nebraska has again expired.

Mr. LEAVITT. Mr. Chairman, I ask recognition.

The CHAIRMAN. The gentleman is recognized for five minutes.

Mr. LEAVITT. He was driving right down the center of the street in a traffic jam and refused to give the right of way one way or the other. My car was on the proper side of the street, and I use no congressional tag. He was over on my side and it was necessary for me to take the chance of colliding with him or turning into a car going in the same direction as myself. Now, it is that sort of thing that has caused this resentment on the part of the people in the District. I think many who live here also resent the issuance of these congressional tags because of the abuses on the part of families of Members and those who are not on official business. There is no reason under the sun why the family of a Member of Congress should have any privileges in the streets of Washington that are not given to any other

citizens of the United States. A Congressman, while attending to his official work, may require parking privileges at the public buildings. If he is on public business himself and makes that known to those who are in charge of the streets around the public buildings he can be given those privileges.

Mr. EATON of Colorado. And he is entitled to them as a matter of right and not as a matter of privilege.

Mr. LEAVITT. He does not require any congressional tag on his car when he is visiting the departments on official business.

Mr. MAAS. But it is a very difficult thing to go to the departments and find a police officer to whom you can make yourself known. If a Member is in a hurry and does not make himself known to the police officers in charge of the streets around the departments, when a Member returns from the departments, after attending to his business, he very often finds his car tagged and it is necessary for him to go to the police bureau. The gentleman says the use of these tags is abused, and I agree with him, but is not the proper remedy to eliminate the abuses and not the tags, because the tags serve a legitimate function.

Mr. LEAVITT. The abuses come through application on the part of some Members for several tags.

Mr. MAAS. I grant that.

Mr. LEAVITT. There should not be more than one tag given to any Member, if any are given at all, and, in my judgment, they should not be issued at all.

Mr. BLANTON. Will the gentleman yield?

Mr. LEAVITT. Yes.

Mr. BLANTON. My friend from Vermont, Colonel Gibson, knows that when we first initiated this proposition in the District Committee, the District Commissioners assured us, without having any order or law, but under a gentleman's agreement, that they would issue these tags, and they would give a Member the right to park his car practically anywhere when he was on official business so long as he did not park in front of a fire plug, and of course he was not to run past a semaphore.

Mr. LEAVITT. That was the only right they were intended to convey.

Mr. BLANTON. And this was to apply to official business or official use when we were transacting public business in behalf of our constituents.

Mr. LEAVITT. We have been trying this now for two or three years, and it has been abused.

Mr. GIBSON. Will the gentleman yield?

Mr. LEAVITT. Yes.

Mr. GIBSON. To-morrow is District day, and I understand some matters affecting the District are coming up. Among the bills is one relating to traffic, and may I suggest that we take advantage of the consideration of that bill to put in some provision that will take care of the situation?

Mr. LEAVITT. That will be fine.

Mr. DYER. Will the gentleman yield?

Mr. LEAVITT. Yes; if I have any time left.

Mr. DYER. I would like to ask the chairman of the subcommittee if there is any different provision of law affecting special tags for members of the diplomatic corps or the cars of officers of the Army and the Navy from those for Members of Congress?

Mr. SIMMONS. It is my understanding that the diplomatic tags are issued through the State Department as a matter of international courtesy.

I know of no law authorizing it; and so far as I know, there is no potency whatever given to these Army and Navy tags that you see on various cars. If there is, there should not be.

Mr. DYER. It seems to me that a Member of Congress should have the same courtesy extended to him in the transaction of his official business with the departments that a member of the diplomatic corps may obtain from the State Department.

Mr. SIMMONS. I do not think any Member of Congress will ever have any trouble with respect to violating parking rules around any Government establishment when he shows he is there on official business.

Mr. DYER. I understood the gentleman from Nebraska to say that he thought this whole thing was wrong and that all these tags ought to be withdrawn.

Mr. SIMMONS. I do.

Mr. DYER. If the gentleman takes that position, should he not also take the same position with respect to preventing other agents or even foreign governments or anybody else from using special tags in the District of Columbia, if Members of Congress can not use them in the transaction of their official business?

Mr. SIMMONS. I trust the gentleman will not ask me to discuss the diplomatic situation. What I am saying is that the question of parking places around public buildings is one thing—

The CHAIRMAN. The time of the gentleman from Montana has expired.

Mr. SIMMONS. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

Mr. GRIFFIN. Reserving the right to object, Mr. Chairman, will the gentleman permit me to interject a statement at this point?

Mr. SIMMONS. If I may answer the question of the gentleman from Missouri [Mr. DYER], then I will be pleased to yield to the gentleman.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SIMMONS. My thought is that the matter of parking around public buildings when on official business can be taken care of in a different way. This ought not to be difficult at all, but whenever you give out tags, such as those issued to Members of Congress, it is always going to result in violations, and no one has been able to conceive of any way to prevent the abuse of such a privilege under the tag system. Personally I have quit using mine.

Mr. LEAVITT. May I say that I have also quit using my tag.

Mr. DYER. I have been told, I do not know whether it is true or not, that the privileges extended by the diplomatic tags are being abused and that they have been found in the possession of bootleggers.

Mr. SIMMONS. I would not be surprised if that were true.

Mr. GRIFFIN. Will the gentleman yield?

Mr. SIMMONS. Yes.

Mr. GRIFFIN. Personally, I believe the remedy is in the hands of the Members of Congress themselves. The tags are good things although I personally do not use them, but I have had this experience and you may judge from this how the tags get into the hands of others. A clerk asked me to assign my tag over to him and I refused to do it. I judge therefore that some Members of Congress have been indulgent enough, speaking mildly, to transfer their tags over to persons who are not entitled to them under the law.

Mr. SMITH of Idaho. What is the remedy the gentleman would suggest instead of using the tags?

Mr. SIMMONS. If Congress wants to provide parking places for official business cars, I am confident this can be done around every department, but the remedy is not to use the tag system, which is one that can be so easily abused, as it is now.

Mr. SMITH of Idaho. As I understand, each Member only gets one tag.

Mr. SIMMONS. Each Member is supposed to get one tag, but I understand that the Sergeant at Arms is having difficulty in enforcing this regulation.

Mr. LANKFORD of Virginia. I would like to ask the chairman of the subcommittee a question. Has the committee given any consideration to this matter? There ought to be at every Government building, between the hours of 9 and 4.30, a space marked off for the use for Members of Congress and others who go there to do business. It is very inconvenient to get there and find no space for parking.

Mr. SIMMONS. This committee has no jurisdiction to make such a stipulation. There is a bill coming up to-morrow under which that matter can be taken care of.

Mr. LANKFORD of Virginia. There ought to be a certain space around every Government building that can be used for parking.

The Clerk read as follows:

To carry out the purposes of the act approved June 11, 1926, entitled "An act to amend the act entitled 'An act for the retirement of public-school teachers in the District of Columbia,' approved January 15, 1920, and for other purposes" (41 Stat., 387-390), \$400,000.

Mr. GAMBRILL. Mr. Chairman, I move to strike out the last word. I do so for the purpose of asking the chairman of the committee his interpretation of that paragraph on page 6, carrying an appropriation for the erection of sheds at the Eastern and Western Markets. There was an appropriation made in the act passed for the fiscal year of 1931 which has not been expended by the Commissioners of the District of Columbia.

Mr. SIMMONS. There are certain groups in Washington who have set themselves up as a supergovernment and who have objected to the building of these sheds. The purpose of this language is to say that Congress wants those sheds built.

Mr. GAMBRILL. Does the gentleman think that the commissioners will so construe the language?

Mr. SIMMONS. They have been advised of the purpose of the language.

Mr. COLLINS. If the gentleman will permit, the engineer commissioner has advised me that the commissioners will build the sheds in accordance with the wishes of the committee.

The Clerk read as follows:

For contingent and other necessary expenses, including books, equipment, and supplies, \$800.

Mr. CABLE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the bill under consideration makes an appropriation for Americanizing foreign born in the District of Columbia. I wish to say a few words in its behalf, and also to discuss the need of higher educational requirements for naturalization, further restriction of immigration, registration of aliens, and the deportation of aliens unlawfully in the United States.

I have visited the night schools here in our Nation's Capital and have seen adult aliens there seeking an education in their desire to become Americans. I know of the splendid work being done, both by the teachers under the leadership of Miss Maud Aiton and by the aliens themselves. To the alien lawfully in this Nation, to the alien who obeys our laws, we owe every opportunity to learn about America, to know of the Constitution and the Government, ideals, and principles of our country.

Although many aliens have become American citizens, far more immigrants come here each year than are naturalized. Aliens are slow to accept the privilege of citizenship which the United States extends to them. There are close to 14,000,000 foreign born in the United States to-day—less than half of whom have become American citizens.

HIGHER EDUCATIONAL REQUIREMENTS FOR CITIZENSHIP

Our present educational requirements for citizenship are not high. They should be raised. To be naturalized the alien must be able to speak the English language and sign his petition for citizenship in his own handwriting. In addition to this meager educational requirement, the applicant is required to show that he has behaved as a person of good moral character, to give evidence of his attachment to the principles of the Constitution of the United States, and to show that he is disposed to the good order and happiness of this country. No alien should be admitted to citizenship unless he be able to speak, read, and write English and have such a knowledge of United States history as the public schools expect of a 14-year-old pupil. Many of the schools of this Nation do give such preparation, but it is not required, nor are the educational requirements by the courts uniform in a number of annual reports of JAMES J. DAVIS, as Secretary of Labor, he has recommended enactment of

a law which would establish a definite educational standard. His recent comments are as follows:

There is no educational standard set by existing naturalization laws for aliens desiring citizenship. They are merely required to speak the English language, unless physically unable to do so. It is unnecessary for him to be able to read in any language, while the petition for naturalization may be signed by the applicant in any language. The declaration of intention may be made by an alien who is unable to sign his name. Notwithstanding these laxities in the law, the applicant is supposed to be able to satisfy the court hearing his petition for naturalization that he is attached to the principles of the Constitution of the United States and well disposed to the good order and happiness of the same. The absence of specific statutory requirements along these lines results in the admission to citizenship of thousands of aliens annually who could readily acquire a better knowledge of institutions of government and of the ordinary elements of education if the law required them to do so.

Raymond F. Crist, Commissioner of Naturalization, has recommended:

Each alien should be able to speak the English language and should be required to sign the declaration of intention in that language, unless the alien is unable because of physical disability to speak or write.

Our Committee on Immigration and Naturalization has favorably reported a bill I introduced (H. R. 10669, Rept. No. 1376), which would if enacted into law place the above recommendations in the statute books.

No alien should be admitted to United States citizenship unless he is able to speak, read, and write English understandingly and unless he has such a knowledge of United States history as the public schools expect of a 14-year-old pupil. Citizenship in this country is the highest honor that can be conferred upon the alien. The standard of educational requirements should likewise be high, so that the benefits of citizenship can be doubly appreciated, both by the alien and by the United States.

FURTHER RESTRICTION OF IMMIGRATION

Our immigration laws should be revised. Those who are admitted should be on a more limited and on a more selective basis, according to the needs of the Nation. With an oversupply of coal miners, for example, why should we admit more alien miners to increase further the large number of coal-mine workers? Our system is restrictive, but not sufficiently selective. The quota law makes it possible for a thorough examination. The weak are weeded out at the source. But it has been said "under existing law we exclude the obviously unfit, but we do not give preference to those obviously best fitted." We should go farther and amend the law so as to provide that no alien shall be given an immigration visa unless there is actual need in America for the kind of service he is qualified to render. This should be in addition to quota restrictions. Then, too, the restrictive laws should be extended to the countries of this hemisphere. Our side door should also be closed.

The Commissioner General of Immigration reports that during the fiscal year ending June 30, 1930, 446,219 aliens entered the United States, of whom 241,700 were immigrants, 204,514 were termed nonimmigrants, being visitors, students, and others here for temporary purposes; 274,425 aliens left the country in the same year. However, 173,789 remained here, and that is entirely too many newcomers to be added to the foreign born already here. For every two aliens who come here one displaces some one at work. The other becomes dependent upon some worker already here or upon charity. To allow immigrant labor to come here in times of economic stringency, such as the present, is unfair both to those already here and to those whom we permit to come expecting to find work. Two-thirds of the immigrant aliens who entered last year were between the ages of 16 and 44, apparently able-bodied workers, who must necessarily compete for jobs, directly or indirectly, with persons already here.

Let me quote from the first message of Calvin Coolidge to Congress:

Free government has no greater menace than continued violation of law. America's institutions rest solely on good citizenship. New arrivals should be limited to our capacity to absorb them into the ranks of good citizenship. America must be kept American.

For this purpose it is necessary to continue the policy of immigration restriction. Those who do not want to be partakers of this American spirit ought not to settle in America.

President Hoover likewise believes in restricting immigration. In his first message to Congress he said:

Restriction of immigration has from every aspect proved a sound national policy.

Again, this session, the President points out the need of a "revision of our immigration laws upon a more limited and more selective basis," and goes on to declare—

That persons coming to the United States seeking work would likely become either a direct or indirect public charge.

To President Hoover, through executive efforts, is due the credit for the further restriction of immigration during the economic depression. It was he who directed the State Department to enforce the law that any intending immigrant likely to become a public charge (i. p. c.) should not be given an immigration visa. As a result the immigration visas issued so far in the present fiscal year have—and therefore immigration has—decreased from an average of about 24,000 a month to a rate of about 7,000 a month. During the last fiscal year, ending June 30, 1930, 63,502 immigrant aliens entered from Canada, 12,703 from Mexico, and 147,438 from the quota countries of Europe, and an equal number of nonimmigrant aliens. But this is being greatly reduced by administrative efforts, for the Department of State reports that during December only 217 aliens were allowed to enter from Mexico, and only 780 visas, out of a possible 14,846, were issued in European quota countries; or, in other words, that Mexican immigration has been decreased 92 per cent and European immigration reduced 94 per cent by withholding visas owing to the likelihood of immigrants becoming public charges upon arrival here as a result of existing unemployment.

But these heroic efforts of our foreign consuls and the present administration are being undermined by the transmission of money to intending immigrants and the bombardment of Members of Congress and law administrators with affidavits tending to prevent the continued withholding of visas. In response to the recommendations of the President and his Cabinet the House Committee on Immigration and Naturalization has just reported a measure reducing not only European but also the immigration of this hemisphere 90 per cent. If this measure is enacted into law, the immigration of alien workers will be substantially suspended for the next two years. Such emergency legislation is merely a matter of self-preservation. Every other country in the world is tightening restrictions on the influx of workers, both in justice to their own and to the foreigners who would come and be doomed to disappointment. Even Canada announced the 14th of last August, through W. A. Gordon, its Minister of Immigration, that European immigration, except "experienced farmers of suitable type," possessing sufficient funds to establish and to maintain themselves on farms, "was discontinued because of widespread unemployment" in Canada, in order "to prevent persons coming who will not be able to find work," "to protect the people in Canada from the burden of such unemployment," and so that "immigration will not again be a contributing factor to unemployment conditions."

Then, too, Congress should be consistent. Why bar those from Europe and admit the workers of Mexico with no restriction as to numbers? Our committee bill restricts for two years immigrants of the Western Hemisphere.

REGISTER THE ALIEN

The 1921 quota act was the first law of Congress restricting by numbers those who would come from other countries. The 1924 act took its place, cutting the quota from 350,000 to 150,000, in round numbers. The natural consequence followed: barred at ports of entry the alien began to come surreptitiously across our 5,000 miles of border or by water. An immigration border patrol was organized, but additional legislation is absolutely necessary. Many of its members have already given their lives in the performance of their duty.

Illegal entries have greatly increased, until it is estimated there are as many unlawful entries as are there are lawful entries. According to the report recently made to the United States Senate by the Secretary of Labor, there are "at least 400,000 aliens unlawfully in the United States." In his last message President Hoover called the attention of Congress to their unlawful presence, saying:

Thousands have entered this country in violation of our immigration laws. The very method of their entry indicates their objectionable character, and our law-abiding foreign born suffer in consequence.

There can not be a satisfactory and proper restriction or regulation of immigration or an effective enforcement of deportation laws until we have complete compulsory alien registration. The quota law of 1924 registers every alien entering since its enactment, and the law of March 2, 1929, makes the voluntary registration of aliens here before July 1, 1921, possible. Over 30,000 aliens have registered under this law. What is needed is the enactment of some such registration as is contained in the bill I introduced, H. R. 9147. It is difficult to understand how any alien legally here can conscientiously object to registration, as it would give him a most useful protection whenever his presence here is questioned. Every other country, as any tourist knows, requires registration. Our own country requires it of our own people. On one occasion after another our native born are registered throughout their entire lives from the very cradle to the grave.

President Coolidge in his annual message to Congress in 1925 recommended it, advising Congress—

While our country numbers among its best citizens many of those of foreign birth, yet those who have entered in violation of our laws by that act thereby placed themselves in a class of undesirables. If investigation reveals any considerable number coming here in defiance of our immigration restriction laws, it will undoubtedly create the necessity of registering all aliens.

And in recommendations our Presidents have been ably backed up by Cabinet officers and other officials having especially to do with immigration matters and in a position to know what is best for the foreign born seeking admission to the United States, as well as what is best for our country, its institutions, and its future. Among those for registration there is no more ardent advocate than Senator JAMES J. DAVIS, himself foreign born, who served as Secretary of Labor and head of all the Immigration Service under three Presidents.

A registration law such as I have proposed would not only deter those waiting for an opportunity to sneak in, it would also enable us to protect aliens legally here and discover those who have come into the country in defiance of our law.

DEPORT THE ALIENS ILLEGALLY HERE

Our deportation laws are not adequate. Neither is the Department of Labor given sufficient funds to arrest and deport alien criminals and those unlawfully in the United States. We should amend our law. Only the alien who has committed a crime involving moral turpitude can now be deported as a criminal. The alien bootlegger and racketeer are not deportable as such. We should extend the law to provide for the deportation of the communist and the alien who has been found guilty of the crime of violating the narcotic, prohibition, and other similar laws. The law should say in effect that any alien who is sentenced to terms of imprisonment of two years or more for any crime shall be deported.

The President and his Cabinet and other officials and experts recommend legislation; the people, organized labor, and various patriotic and other organizations demand it; the House Committee on Immigration and Naturalization has prepared it after protracted hearings and most deliberate consideration, and Congress should pass it before adjournment.

President Hoover, in his annual message to Congress, said: I urge the strengthening of our deportation laws so as more fully to rid ourselves of criminal aliens.

Aliens have no right to remain here if they have entered unlawfully. Neither do we have room for the gangsters and

other alien criminals. Secretary of Labor Doak estimates that of the 400,000 aliens here illegally about one-fourth are deportable. Sixteen thousand six hundred and thirty-one aliens were actually deported last year. Of those unlawfully here some entered without inspection, in violation of the law. Others passed inspection by means of false or misleading statements, in violation of the law. Others of the 400,000 have committed serious offenses which are grounds for deportation. The law should be amended to facilitate the deportation work.

There is no other country in the world where so large a percentage of aliens reside in what I would call open defiance of the will of the Nation.

The United States as a sovereign Nation should more fully exercise its inherent power of self-preservation, a power which is an incident to its sovereignty.

The Clerk read as follows:

No part of the foregoing appropriations for public schools shall be used for instructing children under 5 years of age except children entering during the first half of the school year who will be 5 years of age by November 1, 1931, and children entering during the second half of the school year who will be 5 years of age by March 15, 1932.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. Last year the gentleman from Nebraska [Mr. SIMMONS] edited and instructed the Members of the House by a long exposition of the school-building situation in the District. At that time the president of the school board was taking issue with the gentleman from Nebraska as to the adequacy of the building program. We have not had this year the benefit of the exposition of this bill by the gentleman from Nebraska. I have been following rather closely the building program, so far as the schools in the District of Columbia are concerned. What is the regimen for the public-school buildings so far as this bill provides for the next fiscal year?

Mr. SIMMONS. The report shows the extent of the school-building program on page 10. We are carrying this year \$2,720,000 for buildings as against \$2,430,000 a year ago. That represents an increase over the Budget figures of 32 elementary classrooms which this bill carries. In the opinion of the committee, we have reached the point where we have caught up with the school-building needs, and from this time on the school-building program will be one of constructing buildings to take care of current needs due to the normal growth of the city and putting on such auxiliary structures as auditoriums and gymnasiums and the replacement of obsolete and obsolescent buildings.

Mr. STAFFORD. Last year I was not in accord with the gentleman's position as to the school situation. I thought we were following a parsimonious policy in keeping school children in barracks when there was urgent need of having them housed in permanent quarters. I am pleased to hear that now with this program of 1932 we have caught up with the current needs of the District, and that from now on we will not be forced to have the school children of the District housed in barracks except in exigent circumstances.

Mr. SIMMONS. I hope the gentleman will not infer that I disagree with him in his desire to do away with the portable school building. For the six years that I have been on the committee every effort has been made to divert every dollar that could be diverted to the building of permanent school buildings. We have shown that every year. Last year we made great strides in it. This year we are building 32 classrooms, which means four 8-room school buildings, in excess of the Budget estimate. We are taking care of some 92 classrooms in this bill, and 7,130 pupils will be furnished with schoolrooms as a result of the construction in this bill. It is estimated there will be but five portable school buildings left in the Washington school system when this program is completed.

Mr. STAFFORD. Will the gentleman give the House the benefit of his acquaintance with the school system as to the policy now being pursued in the construction of the junior high schools? I notice in the bill there is provision for a great many junior high schools, while a few years ago we did not have any.

Mr. SIMMONS. The gentleman is asking me to discuss something that a school man should discuss. Before I had anything to do with this bill the policy of establishing junior high schools had been begun. The junior high school offers a diversified curriculum, beginning with the seventh grade, and it is being carried rapidly in the District as part of the Washington school system.

Mr. STAFFORD. Can the gentleman inform the House as to how many junior high schools there are now in course of construction or how many are contemplated?

Mr. SIMMONS. There are seven carried in this bill. How many there are now in the school system of Washington I could not state, but my recollection is about 24.

Mr. THATCHER. And the gentleman might say also that the high school need is being met in the building program just as the need in respect to the grades is being met.

Mr. SIMMONS. Yes. We are anticipating the high-school needs in the city of Washington by the purchase of two sites for high schools which the Budget did not recommend.

Mr. STAFFORD. So as to provide in all for five high schools?

Mr. SIMMONS. Oh, there are more than five now. We are providing for the purchase of sites in the Chevy Chase area and in the Takoma Park area for possible future needs, in order that we will be ready to go when the need is there.

Mr. STAFFORD. And in the Chevy Chase area I suppose it would also be for the accommodation of persons living outside of the District?

Mr. SIMMONS. I hope not. We are attempting to so construct the school-building situation in Washington that the taxpayers of Washington will not be required to educate free of charge the people who come in from Virginia and Maryland. In my judgment that school building will not and should not be built until there is need for it in the District of Columbia.

Mr. SWICK. How many students in the Western High School are from outside of the District?

Mr. SIMMONS. Something less than 300, if I remember the figures correctly.

Mr. SIMMONS. Absolutely nothing.

Mr. STAFFORD. What tuition are they required to pay?

Mr. STAFFORD. Does the gentleman say that the taxpayers of the District of Columbia have been burdened to educate people in the high schools from outside the District of Columbia?

Mr. SIMMONS. Not only in the high schools, but throughout the entire Washington school system. There are approximately 3,000 students, largely from Maryland and Virginia, who receive their education without the payment of one cent of tuition.

Mr. STAFFORD. On what principle does the gentleman justify that exemption being granted to persons outside the District of Columbia, at the expense of the District of Columbia?

Mr. SIMMONS. I do not justify it. This committee and the House twice carried legislation putting tuition charges in effect, but we were unable to secure the passage of the bill with those provisions in it.

Mr. GAMBRILL. Will the gentleman yield?

Mr. SIMMONS. I yield.

Mr. GAMBRILL. That is done under the law of 1914 or 1915, which gives to children of parents who are engaged officially or otherwise in the District of Columbia, the right to attend the public schools of the District of Columbia without the payment of tuition.

Mr. STAFFORD. A person making his living in the District of Columbia, paying taxes outside of the District of Columbia, the gentleman says should have free access to our schools, without paying anything whatsoever, because they work here and get their living here, but support themselves and pay taxes outside the District of Columbia? I can not follow the logic of the gentleman from Maryland [Mr. GAMBRILL].

The CHAIRMAN. The time of the gentleman from Nebraska has again expired.

The Clerk read as follows:

For the construction of an addition to the Murch School to provide four classrooms and unfinished space for four additional classrooms, \$30,000, and in addition thereto \$80,000 of the unexpended balance of the appropriation for "Buildings and grounds, public schools," contained in the District of Columbia appropriation act for the fiscal year 1931, is made immediately available for this purpose and shall continue available during the fiscal year 1932.

Mr. BRIGGS. Mr. Chairman, I move to strike out the last word. There has been a great deal of notoriety in the District of Columbia about the crowded conditions in Western High School. What effort is being made by the committee to relieve that situation in this bill, if any?

Mr. SIMMONS. In this bill?

Mr. BRIGGS. Yes.

Mr. SIMMONS. No effort is needed in this bill. As far as Congress is concerned, it began three years ago to relieve that condition.

Mr. BRIGGS. Does the gentleman from Nebraska mean that money has been made available to correct that situation?

Mr. SIMMONS. The congestion in Western High School could be relieved if either one of two buildings that had been appropriated for were built. One is the Alice Deal School, which Congress began to provide for in 1927. We made appropriations available in 1929, the 1st of July, to build the building. Fourteen months after that they started to build the building, and it will be ready next fall. The money was appropriated and made available for that building two years ago. If that building was built now there would be no congestion requiring part-time classes in Western High School.

Last year this committee, on its own motion, provided for an addition of 12 rooms and a gymnasium and an auditorium for Gordon Junior High School. That building will be built and ready next fall, so that next fall there will be no congestion necessarily at Western High School. There would be none now if the buildings which Congress had appropriated for had been built within a reasonable time.

Mr. BRIGGS. I suppose the gentleman noticed the pictures published in the newspapers depicting classes in the afternoon now and asserting some of the high-school classes could not attend in the morning because of congestion and must come in the afternoon. I thought if the facts were that that situation was not attributable to any dereliction on the part of Congress it ought to be so stated by the chairman of the committee; and if it were due to dereliction on the part of Congress, Congress should take steps to correct it.

Mr. SIMMONS. The record, as far as Western High School is concerned, shows that no one in responsible position claims that Congress is to blame for that congestion. They frankly admit it has been administrative delay in this building program.

In my opinion there is no justification for putting all four classes at Western High School on part time. Their congestion is in the ninth grade. They were not able to tell us how many there would be in the ninth grade, and they have put the tenth, eleventh, and twelfth grades on part time, although our hearings show that the assistant superintendent of schools stated that in his opinion it was not necessary that that be done.

The gentleman will understand that suggestions coming from Members of Congress directed to school officials are not very graciously received.

Mr. BRIGGS. I appreciate that, and, whatever causes the situation, as I understand will be relieved by next session?

Mr. SIMMONS. There will be no congestion there next session. In addition to that, this committee carried in this bill the money to purchase a site for an additional high school in that general area, so that that step has been taken to meet the increase when it does arrive.

Mr. SWICK. Will the gentleman yield?

Mr. SIMMONS. I yield.

Mr. SWICK. What is the normal capacity of the Western High School now?

Mr. SIMMONS. I can not give the gentleman those figures. The figures are in the record, but I can not quote them offhand. The building is running above normal capacity, but when the Gordon Junior High School addition is complete, the ninth-grade pupils in the Western High School in the Gordon Junior High School area can be taken out. When the Alice Deal is completed next summer, the ninth-grade pupils in the Western High School in the Alice Deal area can be taken out and the situation corrected.

Mr. SWICK. Is the gentleman quite sure those conditions will be completed during the coming summer?

Mr. SIMMONS. The Alice Deal School is under construction now. As a result of certain statements I made and certain actions taken following that, the contract for the Gordon Junior High School has been let, I think, with the proviso that it will be completed by the 15th of September in time for school next fall.

Mr. SWICK. It is an injustice for these students to have to go in half-day periods.

Mr. SIMMONS. It is purely because of administrative delay, which could have been avoided had the school officials been sufficiently interested in avoiding it and paid a little attention to what had been done and could be done to prevent it.

Mr. SWICK. The gentleman feels it is not the fault of Congress.

Mr. SIMMONS. Absolutely not; and they admit it.

Mr. SWICK. But it is due to delay on the part of the officials.

Mr. SIMMONS. Yes, sir.

The pro forma amendment was withdrawn.

The Clerk read as follows:

The school buildings authorized and appropriated for herein shall be constructed with all doors intended to be used as exits or entrances opening outward, and each of said buildings having an excess of eight rooms shall have at least four exits. Appropriations carried in this act shall not be used for the maintenance of school in any building unless all outside doors thereto used as exits or entrances shall open outward and be kept unlocked every school day from one-half hour before until one-half hour after school hours.

Mr. HOLADAY. Mr. Chairman, I move to strike out the last word. I take this opportunity to express my personal appreciation and, I believe, the appreciation of all the members of the committee of the services of the chairman, who, in all probability, is piloting through the House his last District of Columbia appropriation bill. For four years the gentleman from Nebraska has acted as chairman of this subcommittee; and I think it is generally recognized that the gentleman, by reason of application and intense study, is better acquainted with the financial affairs and the business affairs of the District of Columbia than any other Member of Congress. [Applause.] It is especially opportune to make these remarks at this time, as we have just finished the reading of the school items. It is with reference to the schools that the most severe criticism has been leveled at the chairman; and yet to-day, at the conclusion of the reading of those items and at the conclusion of four years' service as chairman, it is admitted by those who have criticized him in the past that no man has ever done more for the public-school system of Washington than has the gentleman from Nebraska. He has been able to receive the cooperation of the District and school officials. It must be admitted that in some cases that cooperation has been obtained by the use of a club, but be that as it may, they are to-day cooperating.

Through his efforts inefficiency and extravagance in the schools have been curtailed to a marked degree. In this bill we are carrying housing provisions for more than 7,000 students.

Personally—and I believe I again speak for the other members of the committee—I want to express my appreciation of the courtesies we have received from our chairman and at the same time testify to the benefits which have been conferred upon the District of Columbia through his efforts. As he leaves this position, friend and foe, those who have supported and those who have opposed him, will say with one accord that the District of Columbia has greatly profited

by reason of the services of the gentleman from Nebraska. [Applause.]

The pro forma amendment was withdrawn.

The Clerk read as follows:

For the pay of officers and members of the fire department, in accordance with the act entitled "An act to fix the salaries of officers and members of the Metropolitan police force, the United States park police force, and the fire department of the District of Columbia." (43 Stat. 175), \$2,167,000.

Mr. SIMMONS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Nebraska offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. SIMMONS: Page 55, line 3, at the end of the line insert the words "as amended."

The amendment was agreed to.

The Clerk read as follows:

For the maintenance of a dispensary or dispensaries for the treatment of indigent persons suffering from tuberculosis and of indigent persons suffering from venereal diseases, including payment for personal services, rent, supplies, and contingent expenses, \$29,000: *Provided*, That the commissioners may accept such volunteer services as they deem expedient in connection with the establishment and maintenance of the dispensaries herein authorized: *Provided further*, That this shall not be construed to authorize the expenditure or the payment of any money on account of any such volunteer service.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word. Has the subcommittee in charge of the bill checked up to find out with regard to the physicians employed by the District of Columbia, the salaries being paid them—and some of whom draw pay as retired emergency officers—and about their practice on the outside?

Mr. SIMMONS. We have not.

Mr. BLANTON. If the gentleman will look into that, he will find that some of these highly paid doctors, not only in the Veterans' Bureau but in the District of Columbia, as well as in other departments, in addition to getting their big salaries and in addition to getting their pay as retired officers, are maintaining private offices and engaging in the private practice of medicine in competition with the other physicians of the city. They have a large clientele, and I have been told that sometimes when these boards which grant retired officers' pay turn an applicant down the applicant immediately becomes the patient of some of the doctors on the board and that then they have better success. I hope the gentleman will look into that feature of it.

Mr. SIMMONS. There may be some abuse of that of which I have no knowledge. I think in fairness, however, to many of the doctors on the District staff may it be said that we have men giving their professional services who are outstanding doctors not only in Washington but in the whole of the eastern part of the United States; for instance, such services as are rendered at the Gallinger Hospital.

Mr. BLANTON. So far as the abuse of the retired emergency officers is concerned, of course, that was handled by another body yesterday. The Senator from Pennsylvania added an amendment to a bill which will stop that abuse; it will prevent retired officers' pay from being paid to any employee of the Government who receives as much as \$2,000.

Mr. SIMMONS. The way to stop it is to repeal the law.

Mr. BLANTON. It ought to be repealed, but until it is repealed that is the way to reach it, and I hope the gentleman will see that there is no objection here to that Senate amendment when the time comes.

Mr. COLTON. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. COLTON. Is the gentleman speaking of doctors on the District staff or doctors in various departments?

Mr. BLANTON. Doctors on every staff that are paid either by the District government or the Government of the United States. There are many of them maintaining offices for private practice and getting paid by the District government or the Government of the United States and many of them are getting retired officers' pay, when most of them were in swivel-chair jobs during the war. They are engaging in private practice at night and in the afternoons, after their business hours, and the gentleman can

imagine whether or not they are in good physical condition to transact their business the next morning if they work all afternoon and part of the night for themselves.

Mr. SIMMONS. May I repeat the statement I desired to make a moment ago and that is that the other side of the picture from the standpoint of the doctors is that to my personal knowledge the District is receiving either free of charge or at a small salary the services of some of the best physicians in the Eastern States in its government institutions.

The pro forma amendment was withdrawn.

The Clerk read as follows:

For installing necessary partitions, purchase of furniture, furnishings and equipment, installation of telephones, telephone rental, and other expenses necessary and incidental to providing additional space for new employees, \$6,198, of which amount \$5,000 shall be immediately available.

Mr. SIMMONS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Nebraska offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. SIMMONS: Page 63, line 25, after the word "available," insert a comma and the following: "And \$3,500 of which may be expended under the direction of the Architect of the Capitol."

The amendment was agreed to.

The Clerk read as follows:

Courthouse: For personal services for care and protection of the courthouse, under the direction of the United States marshal of the District of Columbia, \$37,875, to be expended under the direction of the Attorney General.

Mr. SIMMONS. Mr. Chairman, I offer an amendment.

The CHAIRMAN (Mr. LaGuardia). The gentleman from Nebraska offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. SIMMONS: Page 64, line 22, after the word "Columbia," strike out "\$37,875" and insert "\$39,410."

The amendment was agreed to.

The Clerk read as follows:

For repairs and improvements to the courthouse, including repair and maintenance of the mechanical equipment, and for labor and material and every item incident thereto, \$10,000, to be expended under the direction of the Architect of the Capitol.

Mr. SIMMONS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Nebraska offers an amendment, which the Clerk will report.

The Clerk read as follows:

Page 65, line 2, at the beginning of the line, strike out "\$10,000" and insert "\$8,500."

The amendment was agreed to.

The Clerk read as follows:

Salaries: Chief justice and four associate justices, at \$12,500 each; all other officers and employees of the court, including reporting service, \$36,020; necessary expenditures in the conduct of the clerk's office, \$950; in all, \$99,470: *Provided*, That the reports of the court shall not be sold for a price exceeding that approved by the court and for not more than \$6.50 per volume.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word.

On yesterday when I read the limitation of price for which the reports of the Court of Appeals of the District of Columbia are sold I was rather curious to ascertain whether this was the maximum price or not. So I made inquiry as to whether the publishers were charging the maximum price and, lo and behold, I learned that they are charging \$6.50 per volume for this book of 400 pages, published by a private publishing company, when all the work is performed by the clerk of the court.

Some years back, perhaps 20 years ago, we had before the House the price which private publishers charged attorneys for the United States Supreme Court reports. Some of us thought they were charging too much, and we fixed the limit of price at which they were to be sold. I would now like to inquire how anyone can justify having the lawyers charged \$6.50 for this volume, when the United States Supreme Court reports, published by the Government, sell for \$2, and when the Wisconsin reports, published by one of the leading law publishing houses in the country, sell for

\$2.15 or thereabouts. The administration of the State of Wisconsin fixes the price at which the State reports shall be sold, and we have the leading publishing house of Calhagan & Co. printing the reports in fine style, equal to the publication of the Supreme Court reports, and yet only charging the attorneys who have occasion to buy these reports, a little over \$2 per volume. How can we justify this practice of mulcting—to use a mild word—the practitioners of the District and charging \$6.50 per volume with the approval of the court?

Mr. CHIPERFIELD. Will the gentleman yield?

Mr. STAFFORD. I will be glad to yield.

Mr. CHIPERFIELD. Does not the number of volumes printed for the use of the lawyers of the District of Columbia in comparison with the number of volumes printed for the attorneys who desire the United States Supreme Court reports or the Supreme Court reports of Wisconsin, have a very great deal to do with the matter of price?

Mr. STAFFORD. Undoubtedly it has, and I have that in mind, but I do not think this can account for the difference in price where the work is performed by the clerk of the court, unless he gets an honorarium on the side, and I am not making that charge because I have no basis on which to make such a charge and would not make it.

Now, I ask the chairman of the committee whether he has made any inquiry as to the justification of the high price for these small volumes of law reports?

Mr. SIMMONS. My recollection is that several years ago we went into that matter. This item has been carried for a number of years. My recollection is that the explanation given at that time was that given by the gentleman from Illinois. This limitation is now under the jurisdiction of the judges of the court of appeals. They can fix the maximum at less than \$6.50 if they will.

Mr. STAFFORD. Yes; but here is the work performed by the clerk of the court of appeals. There is no statement of facts—just the decision of the court. The syllabi are prepared either by the clerk or by an employee of the publishing house. Certainly they ought not to mulct the people by charging \$6.50 a volume. I recognize that it is within the power of the judges to cut down this price, but I question very much whether they ever made any inquiry as to whether the price is reasonable or not. I think that \$4 would be a high price for these volumes.

Mr. EDWARDS. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. EDWARDS. Are these volumes published by the Government Printing Office?

Mr. STAFFORD. These volumes that I am speaking of are published by a private publishing house.

Mr. EDWARDS. Why not have them published by the Government Printing Office?

Mr. STAFFORD. Originally the Supreme Court Reports were published by a private publishing house, and at that time they only charged something like \$3 a volume.

Mr. EDWARDS. This seems to me a matter that could be reached by an amendment directing how they should be published.

Mr. STAFFORD. No doubt about that; but I think there should be some investigation by the committee as to the number of volumes that are distributed and an investigation as to the proper price, considering the number sold.

Mr. SIMMONS. The committee will go into it next year. I do not want to change this language for fear that it might tie the matter up so that the lawyers might not have the benefit of the decisions.

Mr. EDWARDS. Why submit to an extortion for the next year?

Mr. SIMMONS. The committee has always tried to know what it was doing before it did anything.

Mr. EDWARDS. Can they be published more cheaply?

Mr. SIMMONS. I do not know. There has been no complaint by the bar of Washington about it to us. The courts have the right to regulate the price.

Mr. EDWARDS. To my mind, this is an exorbitant price, and there is too much profit being made somewhere. I think it ought to be corrected and as speedily as possible.

Mr. STAFFORD. I agree with the gentleman. Mr. Chairman, I withdraw the pro forma amendment.

The Clerk read as follows:

For personal services, \$3,660; maintenance, \$3,780; in all, \$7,440.

Mr. SIMMONS. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 78, line 16, insert a new paragraph, as follows:

“WAR VETERANS’ SERVICE OFFICE

“For personal service, without reference to the classification act of 1923, as amended, to enable the municipal government to aid and advise war veteran residents of the District of Columbia and their dependents as to their rights and privileges under Federal legislation of which veterans and/or their dependents may be beneficiaries, including assistance in presentation of claims to the Veterans’ Administration or other appropriate Federal agencies, \$6,000, to be expended under the direction of the Commissioners of the District of Columbia.”

Mr. BLANTON. Mr. Chairman, I make a point of order against the amendment. I am for any proposal or law giving any proper service to any veteran of any war. I doubt whether this is wise to decentralize and take this service away from its proper authority and place it in the District government. We have here the Veterans’ Administration, with its head under General Hines, a splendid officer, and we also have Colonel Eames in his big office here as Director of the United States Veterans’ Bureau. We have the central office here, and we have this agency and that agency in Washington already for the benefit of the veterans; but I think it is very unwise to establish this without law for it, because this is legislation on an appropriation bill and does not come from the Veterans’ Committee. I doubt whether it is wise to put this into the hands of the District Commissioners. It would be the start for the expenditure of quite a sum of money by them, much of which might not go to the veterans of the country.

Mr. SIMMONS. If the gentleman will reserve his point of order until I can tell what we are trying to do, I think he will not make it but will heartily approve it.

Mr. BLANTON. I reserve the point of order.

Mr. SIMMONS. For a number of years the American Legion has maintained in Washington, due to the fact that this is the headquarters of the Veterans’ Administration and the Veterans’ Bureau, a staff of men whose job is to present claims of service men of the country in the appellate boards in the Veterans’ Bureau.

Mr. BLANTON. And that staff is operating daily?

Mr. SIMMONS. Yes, sir.

Mr. BLANTON. And will operate in spite of this proposal.

Mr. SIMMONS. If the gentleman will please permit me to finish my statement. At the present time the situation in that office under the direction of Mr. Watson Miller, who, in my opinion, is doing more, next to General Hines, than any other man in the United States for the service men—

Mr. BLANTON. If the gentleman will change his amendment and give it to Watson Miller, I shall not object.

Mr. SIMMONS. Will the gentleman please permit me to make my statement?

Mr. BLANTON. Yes.

Mr. SIMMONS. At the present time three or four of Watson Miller’s staff are engaged in work entirely for the benefit of veterans resident in the District of Columbia, and this amendment is prepared at the request of Watson Miller.

Mr. BLANTON. But the authority ought not to be placed in the hands of the District Commissioners.

Mr. SIMMONS. He asks that it be done in this way in order that he may devote the time of his staff to the veterans of the States as they should.

Mr. BLANTON. I would not object to it going into the hands of Watson Miller’s organization or to its going into the hands of the American Legion organization here, or in the hands of any other Government organization, but I do not think it is wise to decentralize and put this in the hands of the District of Columbia. I make the point of order that it is legislation on an appropriation bill and seeks to change the classification.

The CHAIRMAN. Does the gentleman from Nebraska care to be heard?

Mr. SIMMONS. No, sir.

The CHAIRMAN. The Chair sustains the point of order. The Clerk read as follows:

To aid the Columbia Polytechnic Institute for the Blind, located at 1808 H Street NW., to be expended under the direction of the Commissioners of the District of Columbia, \$3,000.

Mr. SIMMONS. Mr. Chairman, I move to strike out the last word. The gentleman from Texas [Mr. BLANTON] a moment ago objected to an amendment offered to the bill in respect to veterans of the World War in the District of Columbia. To my mind as a veteran that amendment is of primary importance, and I am taking this time, if the House will permit, to tell briefly what I was unable to state fully under the reservation of the gentleman from Texas. We were trying by this language, at the request of the chairman of the national rehabilitation committee of the American Legion, to give to the veterans of Washington the type of service that is now given to the veterans of some 36 or 37 States in the Union, who have set up at public expense under the administration of the States these service officers, whose job it is to care for the service men in their States in the presentation of their claims.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. SIMMONS. Yes.

Mr. BLANTON. Was this asked by the national organization of the American Legion?

Mr. SIMMONS. This was asked for by Mr. Watson Miller, the chairman of the national rehabilitation committee of the American Legion. It was not asked for by the national organization. I am asking for it because in my judgment it is one of the most important things carried in the bill for the service men in the District.

Mr. BLANTON. Mr. Chairman, I have such confidence in the judgment of the gentleman from Nebraska that I ask leave to vacate the proceedings whereby my point of order was sustained and to return to the point in the bill where the amendment may be again offered.

The CHAIRMAN. The Chair suggests that the proper proceeding is to ask unanimous consent to return to the proper place in the bill.

Mr. SIMMONS. Mr. Chairman, I ask unanimous consent to return to that point of the bill, page 78, line 16.

The CHAIRMAN. The gentleman from Nebraska asks unanimous consent to return to the section commencing on line 16, page 78, for the purpose of again offering the amendment. Is there objection?

There was no objection.

Mr. SIMMONS. Mr. Chairman, I offer the amendment which I send to the desk and which has already been reported.

The CHAIRMAN. The gentleman from Nebraska offers an amendment, which the Clerk will report.

The Clerk again reported the amendment offered by Mr. SIMMONS.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska.

The amendment was agreed to.

The Clerk read as follows:

For roads, walks, bridges, water supply, sewerage, and drainage; grading, planting, and otherwise improving the grounds, erecting and repairing buildings and inclosures; care, subsistence, purchase, and transportation of animals; necessary employees; traveling and incidental expenses not otherwise provided for, including maintenance and operation of one motor-propelled passenger-carrying vehicle required for official purposes; for the purchase, issue, operation, maintenance, repair, and exchange of bicycles and motor cycles, revolvers and ammunition; not exceeding \$30,000 for the construction of necessary fencing with gates around the park; not exceeding \$2,500 for purchasing and supplying uniforms to park police, keepers, and assistant keepers; not exceeding \$100 for the purchase of necessary books and periodicals, \$249,040, no part of which sum shall be available for architect's fees or compensation.

Mr. SIMMONS. Mr. Chairman, I offer the following amendment, which I send to the desk:

The Clerk read as follows:

Amendment offered by Mr. SIMMONS: Page 86, line 25, after the word "including," insert "not to exceed \$2,000 for traveling and field expenses in the United States and foreign countries for the procurement of live specimens, and for the care, subsistence, and transportation of specimens obtained in the course of such travel," and on page 87, line 9, strike out "\$249,040" and insert "\$251,040."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk concluded the reading of the bill.

Mr. SIMMONS. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. SIMMONS. Mr. Chairman and members of the committee, we have come to the end of the sixth District appropriation bill with which I have had anything to do. We have come to that time also when I trust that as far as my watching the details of the bill is concerned, it is the last bill with which I will have anything to do.

My colleagues on this floor have very graciously commended the work I have done. I would not be human if I did not appreciate it. Yet, I think I would not be keeping faith with the House if I did not frankly tell you that the credit for the status of the bills affecting the District of Columbia and the reception that the House has accorded those bills has been due primarily to the honest, conscientious work that has been put upon them, not by me personally but by all five members of the Subcommittee on Appropriations, charged with the responsibility of minutely investigating these bills. [Applause.]

There have not been disagreements within the committee. Whenever there has been a divergence of opinion we have discussed those matters until we were all of one mind, and as such, we have come before the House with this bill and with other bills. So that primarily the credit belongs to that group of men who have worked with me on this and other bills.

Then credit is due to the House and the splendid, fine way that you have supported the action of the Committee on Appropriations handling this bill during these past years.

The District of Columbia is in a much better condition; the schools are better; the administrative branches of the Government have been largely reorganized and improved. Salaries are much more liberal than they were six years ago. The general situation is, in my judgment, very much improved over the years that have passed. The credit, gentlemen, does not belong to me. It belongs to the men who have worked with me and to the House of Representatives who have so uniformly supported the things that the committee has directed me to recommend to you. [Applause.]

Mr. Chairman, I move that the committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. LaGUARDIA, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 16738) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1932, and for other purposes, directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. SIMMONS. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? [After a pause.] If not, the Chair will put them in gross.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. SIMMONS, a motion to reconsider the vote by which the bill was passed was laid on the table.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On February 5, 1931:

H. R. 9893. An act for the relief of Herman Lincoln Chatkoff.

On February 6, 1931:

H. R. 14040. An act to enable the Secretary of the Treasury to expedite work on the Federal-building program authorized by the act of Congress entitled "An act to provide for the construction of certain public buildings and for other purposes," approved May 25, 1926, and acts amendatory thereof.

CONSTRUCTION OF PUBLIC WORKS AT PHILADELPHIA, PA.

Mr. DARROW. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 10166) to authorize the Secretary of the Navy to proceed with the construction of certain public works at Philadelphia, Pa., and for other purposes, with Senate amendments, and agree to the Senate amendments.

The SPEAKER. The gentleman from Pennsylvania [Mr. DARROW] asks unanimous consent to take from the Speaker's table the bill (H. R. 10166) with Senate amendments, and concur in the Senate amendments. The Clerk will report the bill and the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 11, after "\$3,000,000," insert "Provided, That of the above amounts \$200,000 for the purchase of land and \$100,000 for the buildings, equipment, accessories, and appurtenances, in all, \$300,000, shall be expended from the naval hospital fund."

Page 2, lines 4 and 5, strike out "such lands as he may deem necessary or desirable for said purpose" and insert "any land which may be acquired by gift."

Page 2, after line 5, insert:

"SEC. 3. The Secretary of the Navy is hereby authorized to employ, when deemed by him desirable or advantageous, by contract or otherwise, outside professional or technical services of persons, firms, or corporations, to such extent as he may require for the purposes of this act, without reference to the classification act of 1923, as amended, or to section 3709 of the Revised Statutes of the United States, in addition to employees otherwise authorized, and expenditures for such purpose shall be made from the naval hospital fund."

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. GARNER. Mr. Speaker, reserving the right to object, which committee originally reported this bill in the House?

Mr. DARROW. This was reported by the Committee on Naval Affairs.

Mr. GARNER. Is this action agreeable to the membership of the Committee on Naval Affairs? Is it agreeable to the membership to have the gentleman call up this bill and ask to agree to the Senate amendments?

Mr. DARROW. The Committee on Naval Affairs met on yesterday with a very full attendance of the members, and asked me to call up this matter and agree to the Senate amendments.

Mr. GARNER. Was that action unanimous?

Mr. DARROW. No. There was one objection.

Mr. GARNER. I am anxious to protect that particular member of the gentleman's committee who had objection to this agreement. It seems to me the gentleman from Pennsylvania should give that member an opportunity to be heard before the amendments are agreed to. I would suggest the gentleman from Pennsylvania give that member of his committee an opportunity to be heard.

Mr. DARROW. May I make a brief explanation of the amendments? The amendments do not at all increase the authorization in the bill, but the first amendment authorizes

\$300,000 to be taken from the naval hospital fund in lieu of taking it from the Treasury.

The second amendment is simply to correct the language.

The third amendment authorizes an amount to be paid for professional or expert services, if required, in forming plans.

Mr. LA GUARDIA. Will the gentleman yield?

Mr. DARROW. Yes.

Mr. LA GUARDIA. Did not this bill pass at the last session of Congress?

Mr. DARROW. Yes; unanimously.

Mr. LA GUARDIA. I do not think so. There was some objection as to the selection of the site. Has that been ironed out?

Mr. DARROW. The selection of the site is left entirely in the hands of the department. The city of Philadelphia did offer a tract of 12.7 acres.

Mr. COLLINS. Will the gentleman yield?

Mr. DARROW. I yield.

Mr. COLLINS. I understand that this bill permits some politicians in Philadelphia to select sites, and so on.

Mr. DARROW. I think the gentleman is entirely mistaken in that.

Mr. COLLINS. I also understand that the bill does not have the approval of the Director of the Veterans' Bureau.

Mr. DARROW. On the contrary, the Director of the Veterans' Bureau does approve this bill, and it has the approval of the Secretary of the Navy and the Budget.

Mr. BLANTON. Mr. Speaker, reserving the right to object, the gentleman from Pennsylvania knows that if these amendments are adopted the Congress is giving the Navy Department carte blanche authority, regardless of the classification act and regardless of the law, to employ all outside employees at any remuneration they see fit to pay, with no limitation or restriction. Does the gentleman think that is wise?

Mr. DARROW. I think the gentleman is quite mistaken.

Mr. BLANTON. That is certainly what the amendment says. Read the amendment. The amendment says without regard to the classification act.

Mr. DARROW. That is identically the same amendment that is placed in all of our building bills.

Mr. BLANTON. But it does take all restrictions and limitations away.

Mr. DARROW. In the previous section it specifies that \$100,000 is all that can possibly be used for any such purpose, if needed.

Mr. LA GUARDIA. I think that refers only to architects and only to the bill we passed on the last consent day.

Mr. BLANTON. Until the gentleman from Oklahoma [Mr. McCLINTIC], who objected to this matter, is on the floor, I am going to object.

Mr. DARROW. Then, Mr. Speaker, I move to take this bill from the Speaker's table and agree to the Senate amendments.

Mr. BLANTON. Mr. Speaker, I make a point of order against that. That is not in order.

The SPEAKER. The Chair has given some consideration to these amendments, and on the whole he thinks they do not require consideration in the Committee of the Whole, and that, therefore, under the conditions, the motion made by the gentleman from Pennsylvania is privileged.

Mr. BLANTON. Will the Chair hear this point? It is a change of the law in that it removes all of the restrictions of the classification act.

The SPEAKER. No; this is not an appropriation.

Mr. TILSON. Mr. Speaker, I trust the gentleman from Pennsylvania will withdraw his request. Unless he does so I feel it would put me in a most embarrassing position. I should have to vote not to consider the gentleman's proposition at this time owing to the fact that I urged the membership of the House to proceed as rapidly as they could consistently with the District bill so that we might this afternoon consider the Private Calendar, instead of having an evening session. This has been done, and we are now ready to take up the Private Calendar unless some other business

intervenes. I trust the gentleman will withdraw his request, and at a subsequent time I shall be glad to join him and help him to get his bill through.

Mr. DARROW. Of course, it was not my purpose to delay business this afternoon.

Mr. TILSON. Evidently this would result in considerable delay.

Mr. DARROW. I fancied there would be practically no objection to it. It is true that one member of the committee did object, but, outside of that, it is the unanimous desire of the committee that this bill be passed.

Mr. BLANTON. There are many Members on both sides of the aisle who are now objecting.

Mr. TILSON. The gentleman will have an opportunity to take up his bill, but I trust he will withdraw his request now.

Mr. DARROW. In view of the request of my respected leader I will withdraw the request.

PRIVATE CALENDAR

Mr. TILSON. Mr. Speaker, I ask unanimous consent that the arrangement for a Private Calendar session this evening may now be proceeded with.

The SPEAKER. The gentleman from Connecticut asks unanimous consent that the arrangement for this evening be now proceeded with. Is there objection?

Mr. TILSON. If this request is agreed to I shall ask that the prior order be vacated.

Mr. BANKHEAD. Mr. Speaker, reserving the right to object, which I shall not, I would like to address an inquiry to the majority leader. As I understand it, the naval appropriation bill has been reported to the House.

Mr. TILSON. No; it has not.

Mr. BANKHEAD. Is it ready to report?

Mr. TILSON. I understand that it will not be ready for consideration before Monday.

Mr. BANKHEAD. That answers my inquiry.

Mr. TILSON. I have asked that District of Columbia legislative business be considered on to-morrow, and that request has been granted.

Mr. Speaker, I renew my request.

The SPEAKER. Is there objection?

There was no objection.

Mr. TILSON. Mr. Speaker, I ask unanimous consent that the order for an evening session be vacated.

The SPEAKER. The gentleman from Connecticut asks unanimous consent that the order for an evening session be vacated. Is there objection?

There was no objection.

The SPEAKER. The Clerk will call the Private Calendar.

JAMES E. DETHLEFSEN

The Clerk called the first bill on the Private Calendar, H. R. 1801, to extend the provisions of the United States employees' compensation act of September 7, 1916, to James E. Dethlefsen.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I have had considerable difficulty in the consideration of this bill in that I could not reconcile myself to the fact that this man was employed at the time of the accident in Government work. This claimant has received some consideration since this unfortunate accident. In going over the bill, I believe a third, and, on last evening, a fourth time, I find he was engaged in work that was for the benefit of the Government, in that he was assisting in the suppression of a conflagration in a Government building.

Mr. IRWIN. The gentleman is quite right.

Mr. STAFFORD. I could not consistently allow this bill to pass if he was not in some wise occupied in Government work. It is under this phase of it that I have been able to bring myself around to allowing the bill to be considered favorably, because I did not wish it to be taken as establishing a precedent.

I therefore withdraw my reservation of objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the United States Employees' Compensation Commission is authorized and directed to extend to

James E. Dethlefsen, a former employee of the Alaskan Engineering Commission, the provisions of an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, as amended, compensation hereunder to commence from and after the passage of this act.

With the following committee amendment:

Strike out all after the enacting clause and insert: "That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated and in full settlement against the Government, the sum of \$5,000 to James E. Dethlefsen, who sustained injuries at Nenana, Alaska."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

The title was amended so as to read: "A bill for the relief of James E. Dethlefsen."

AUGUST WOLTERS

The Clerk called the next bill on the Private Calendar, H. R. 1504, to provide for the retirement of August Wolters as a first sergeant in the United States Army.

Mr. COLLINS. Mr. Speaker, I object.

Mr. MARTIN. Will the gentleman withhold his objection?

Mr. COLLINS. I withhold it.

Mr. MARTIN. Mr. Speaker, I appreciate the difficult task that has been assigned to the gentleman from Mississippi, and I also appreciate the motives which have prompted him to object to this bill, but I would like to call his attention to the fact that this is not a bill similar to those he has previously objected to.

This is not a bill which is a promotion bill but rather a bill which restores this soldier to a position he previously held. I want to call attention to the fact that here is a soldier who has rendered a fine service to the country. He has been 23 years in the Regular Army. He suffered from the effects of ptomaine poisoning and from typhoid fever in Cuba, he had malaria in the Philippine campaigns, he suffered from rheumatism on the border, and in France he had his face frozen in a blizzard while on the battle front. When Wolters came back from France he was a first sergeant. He could have continued as a first sergeant in the Quartermaster Corps, but he wished to go back to his old command in the Cavalry, and in order to do this he was obliged to become a private. This he did, although it meant a reduction in pay. He served his country well in this branch of the service. Then he was gradually promoted until he became a sergeant. He would have been a first sergeant except for the fact that promotions were very irregular immediately following the war. Just when he was about to be promoted as a first sergeant he was stricken ill and was discharged. He has been receiving medical attention ever since. He has spent over \$3,000 in taking care of the diseases he received at different times while in the service of Uncle Sam. He has 30 years of accredited service, and the War Department has not objected to this bill. The bill has previously passed Congress and failed to become law only because another branch of the Government failed to consider it before adjournment.

So I think, Mr. Speaker, this is not a bill to promote any soldier, but is simply a bill which gives a gallant soldier restoration to his previous rank. This will give him probably six or seven dollars a month more in his pension, and he needs it, because he himself has been called upon to expend large sums of money to take care of the diseases he has received in the service. It is a matter involving pension retirement pay, and because of the conditions which I have cited it does not come within the category of the bills which the gentleman has previously objected to, and for these reasons I hope the gentleman will permit the bill to pass. [Applause.]

Mr. COLLINS. In answer to what the gentleman has said, the information I have shows that this man was retired as a corporal. This bill undertakes to retire him as a first sergeant. The bill is a congressional promotion; therefore I feel compelled to object.

Mr. MARTIN. This man was retired as a sergeant.

Mr. COLLINS. The record I have in front of me shows that he was discharged in May, 1922, as a corporal.

Mr. MARTIN. If the gentleman will look at the record signed by Adjutant General Wahl he will find that he was placed on the retired list July 6, 1922, while serving as a sergeant, Troop A, Thirtieth Cavalry.

Mr. COLLINS. The record presented to me—

Mr. MARTIN. The gentleman's record is wrong.

Mr. COLLINS. If I am erroneously advised and the soldier was not retired as a corporal but, as stated by the gentleman, was retired as a sergeant, this bill undertakes to retire him as a first sergeant, and this is a promotion. I have objected in all instances to congressional promotions, so I shall have to object in this case.

WILLIAM JASPER TALBERT

Mr. HARE. Mr. Speaker, I ask unanimous consent to proceed out of order for two minutes.

Mr. STAFFORD. Reserving the right to object, I am fearful that that would establish a bad precedent. I wish to aid Members of the House in going over the Private Calendar. This, however, will be the only exception where I shall withhold objection to Members speaking out of order.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HARE. Mr. Speaker, I request a suspension of the regular order of business at this time that I may announce the recent death of one of my predecessors in Congress, the Hon. William Jasper Talbert, and pay tribute to his life and character as an outstanding leader and patriotic citizen of South Carolina. Colonel Talbert was born in Edgefield County, S. C., in 1846, and received his training in the common schools of his native county and at Erskine College, Due West, S. C. He served in the Confederate Army throughout the Civil War, where, on account of demonstrated courage and bravery, he was promoted from private to colonel. For many years he took a conspicuous part in molding the civic and political ideals of his State. He represented his county in the State senate from 1884 to 1888; was a delegate to the Democratic National Convention in Chicago in 1892, president of the Democratic State convention in 1899, and represented the second congressional district of South Carolina in this body from 1893 to 1903, when he voluntarily retired.

Colonel Talbert was a man of strong and courageous convictions, a Christian gentleman, a soldier without a blemish, and a patriotic statesman. It was my privilege and honor to know him personally. His life has been an inspiration to me since early boyhood, and I join with those who mourn his death.

FRED ANDLER, JR.

The Clerk read the next bill on the Private Calendar, H. R. 1883, for the relief of Fred Andler, jr.

Mr. BLANTON. Reserving the right to object, I want to call the attention of the author of the bill, one of our good friends from Wisconsin, to the report made by General Hines as to the record of this man.

The records in the file disclose that Fred Andler entered the military service on April 3, 1918, and that on July 16, 1918, he was tried before a general court-martial for an alleged violation of the ninety-sixth article of war, the specifications being that he did oppose the cause of the United States and favor the cause of a country with which the United States was at war by seditious utterances to the effect that he did not wish to see Germany defeated or to fight against her, and that he would go to Germany to fight against the United States if he could get a ship to take him there. On the testimony of three witnesses, including two officers and one man, he was convicted as charged.

This was the second court-martial conviction of this man, he having been found guilty of a previous violation of the ninety-sixth article of war, the specification being disobedience of orders, it further appearing that it was during confinement for the first conviction that he uttered the remarks resulting in the second.

To date insurance benefits in the amount of \$6,670 have been paid to the guardian. Compensation benefits in the amount of \$100 per month from October 16, 1918, the date following the discharge, have been awarded to the legal guardian of the claim-

ant. To date disability compensation amounting to \$11,251.61 has been paid to the guardian.

Mr. STAFFORD. I object.

JAMES J. GIANAROS

The Clerk called the next bill, H. R. 2136, for the relief of James J. Gianaros.

Mr. STAFFORD. I object.

THOMAS GAFFNEY

The Clerk called the next bill, H. R. 1431, for the relief of Thomas Gaffney.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, Thomas Gaffney, who was a member of Company I, Twenty-seventh Regiment, Volunteer Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of that organization on the 5th day of September, 1900: *Provided,* That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

NANNIE C. BARNDOLLAR, ET AL.

The Clerk called the next bill, H. R. 8344, to authorize the appointment of Nannie C. Barndollar, Albert B. Neal, and Joseph B. Dickerson as warrant officers, United States Army.

Mr. LAGUARDIA. Mr. Speaker, what is the idea of making Nannie a warrant officer? These three employees have now a Civil Service status. I think they are almost eligible to retirement. I fail to see the necessity of making warrant officers out of United States employees. We are always told that the promotions in the Army are too slow, and it seems to me that it is bad practice to promote civil-service employees and give them a military status on the eve of retirement. I think it is very unwholesome legislation, and I object.

CATHERINE PANTURIS

The Clerk called the next bill, H. R. 458, for the relief of Catherine Panturis.

Mr. GREENWOOD. Mr. Speaker, I reserve the right to object. The husband of this claimant was injured at St. Elizabeths Hospital, it is claimed, by an inmate of that hospital. It was said by some of the witnesses that the man supposed to assault the dead man was at a particular spot where the assault occurred some 20 minutes before that. It seems to me that that proof is rather insubstantial. There is nothing to convince me that the man fell and received a concussion of the brain. What does the chairman think about that?

Mr. IRWIN. I think the evidence will disclose that one or two women saw this man, who was temporarily insane, strike down Panturis, striking him over the head. It is not possible for a man to fall on the grass and fracture his skull. I think the gentleman will find in reading the testimony that three witnesses testified to the fact that the man was struck by an insane patient who was confined in St. Elizabeths Hospital, and that fact was brought out at the coroner's inquest. For that reason the committee felt that this was a just claim.

Mr. GREENWOOD. The last paragraph in the report of the first assistant physician says:

At the time of the inquest the coroner reported that he had found that the skull of Panturis was unusually thin. This anatomical fact suggests the question if the patient's death had not been due to injury received during an epileptic convulsion. This cause of death hardly seems probable in view of the statements of the women patients and of the extensive injury to the skull.

I do not find anywhere anything to prove that any of these women said they saw an assault.

Mr. IRWIN. I think if the gentleman will turn to page 3 of the report he will see that the first assistant physician said that this third party was seen striking this man.

Mr. GREENWOOD. I did not see that, but if the chairman of the committee is satisfied that the injury occurred by an assault other than an epileptic fit, I withdraw the objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of \$10,000 to Catherine Panturis, whose husband, Chris Panturis, Two hundred and eleventh Aero Squadron, was killed on June 4, 1927, by an inmate of St. Elizabeths Hospital, Washington, D. C.: *Provided,* That the passage of this act shall in no way affect the allowance of widow's compensation in the amount of \$52 per month which Catherine Panturis now receives under existing law.

With the following committee amendments:

Page 1, line 5, strike out "\$10,000" and insert "\$1,000," and in line 6, after the word "Panturis," insert "and \$3,000 to Catherine Panturis as guardian for her three minor children."

The committee amendments were agreed to.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 2, line 3, strike out the period, insert a colon and the following:

"*Provided,* That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The amendment was agreed to; and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

MORRIS DIETRICH

The Clerk called the next bill, H. R. 789, for the relief of Morris Dietrich.

Mr. COLLINS. Mr. Speaker, I object.

ESTATE OF FRANKLIN D. CLARK

The Clerk called the next bill, H. R. 1894, for the relief of the estate of Franklin D. Clark.

Mr. STAFFORD. Mr. Speaker, I object.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman withhold his objection?

Mr. STAFFORD. Yes.

Mr. COCHRAN of Missouri. The Committee on Expenditures held hearings lasting three days on this bill. The matter was gone into in detail. It seems that there are two acts rather conflicting, and there is some doubt as to whether this money should be paid to the heirs of the man. It is not Government money; it is money that this pensioner had in the Soldiers' Home, and it was credited to his account. He made provisions to leave it to his relatives, but the provisions were never carried out. The home refuses to pay. It should be made to pay.

Mr. STAFFORD. If I had not, while I was out of Congress, had a private case brought into my office relating to a similar state of circumstances I would not be so positive in my objection. The committee report states that there are no decisions that construe these respective acts. I came across two decisions which showed that there was no right on the part of the residuary legatee to obtain this pension money that had been retained by the National Soldiers' Home. There are hundreds of persons similarly situated where people would have a similar right to payment.

Mr. DALLINGER. I wrote the report, and what I meant to say was that there were no decisions of a court but simply decisions of Government officials.

Mr. STAFFORD. I came across two decisions in the western district of Missouri, if I recall, which passed on this question directly.

Mr. DALLINGER. I may state that as a matter of fact the present practice is depriving the devisees of a man's will

of money that belonged to him. In my opinion and in the opinion of the committee there was not a shadow of right or justice in the United States Government taking this money. It ought to go to the devisees of his will.

Mr. STAFFORD. Mr. Speaker, I object.

WILLIAM BARDEL

The Clerk called the next bill, H. R. 9092, for the relief of the estate of William Bardel.

Mr. BLANTON. Mr. Speaker, reserving the right to object, this bill was first held up by our distinguished colleague from Massachusetts [Mr. UNDERHILL] when he was chairman of the Committee on Claims, because of an adverse report which had been made by General Lord, Director of the Bureau of the Budget. Later General Lord withdrew his objection to the passage of the bill and on that withdrawal, this bill has been approved and reported. I wish to call the attention of the House to the withdrawal statement of General Lord. He does not approve the bill at all. He simply says that if Congress should deem it a meritorious bill it is not against the financial program of the President. General Lord says:

There can be no objection to the enactment of legislation to pay Mr. Bardel \$4,800 for the purpose indicated if Congress deems it a just claim.

If Congress deems it a just claim. That is a question for us to determine. This is for a long list of articles that it is claimed were lost. Among the articles are: One parlor set \$400; one marble-top table \$100; one piano with cabinet and stool, \$600. Those are pretty high prices to place on articles that have been lost. This man was in the Diplomatic Service.

Mr. IRWIN. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. IRWIN. This is purely left up to Congress, and the committee is an agent of Congress. Secretary Kellogg also recommended the same. This man was under orders, and naturally he had to make this sacrifice.

Mr. BLANTON. What became of this great list of furniture?

Mr. IRWIN. Well, it was sold at a sacrifice and therefore we feel, as long as he was under orders, he should be recompensed for the loss of these things. The gentleman who introduced the bill [Mr. SOMERS of New York] possibly has further information which he can give.

Mr. BLANTON. I doubt whether this is a wise thing for the Government to do.

Mr. SOMERS of New York. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. SOMERS of New York. It is quite true there was an objection, as the gentleman states—

Mr. BLANTON. Has the gentleman investigated the facts and does the gentleman know that this furniture was worth what we are proposing to pay, \$4,800 in cash, and that it is a just claim upon the Government? Has he investigated those features of it?

Mr. SOMERS of New York. Candidly, I have not.

Mr. BLANTON. If the gentleman has, I will withdraw my objection.

Mr. SOMERS of New York. I have based my endeavor to pass this legislation entirely upon the character of this man. For 20 years he served the United States Government. His record was splendid.

Mr. BLANTON. Is the gentleman personally acquainted with him?

Mr. SOMERS of New York. No; but I am acquainted with his daughter. He left a widow of 78 years. She is in the hospital to-day. They have absolutely no money. The family is destitute.

Mr. BLANTON. I am not going to be the goat in being the objector to this bill. That is a duty that rests on this administration and its leaders here. If the chairman of this committee and our good friend from West Virginia [Mr. BACHMANN] who watches these things carefully, and our good friend from Wisconsin [Mr. STAFFORD] are going to allow this kind of a bill to pass, I am not going to stand in its way, but it is an unwise proceeding, I think, for the Gov-

ernment to pay this great sum of \$4,800 for a lot of furniture that should have been insured.

Mr. COLLINS. Reserving the right to object, in this list there is one parlor set, cost price \$400. One marble-top table, \$100; one parlor lamp, \$75; and so on through this list. It seems these are rather exorbitant amounts for the Government to pay to this man for his secondhand furniture.

Mr. SOMERS of New York. A great many Government employees can not very well afford to insure their furniture.

Mr. COLLINS. There is not any reason why a laborer working in one of the departments for \$3 or \$4 a day should be required to pay insurance and some man who receives \$6,000 or \$8,000 a year should be relieved of paying insurance.

Mr. SOMERS of New York. There is no excuse for his being relieved, but I am quite sure this is not an exorbitant price to pay for the furniture, when it was destroyed or taken away from him.

Mr. COLLINS. No; it was not destroyed. He just sold it.

Mr. SOMERS of New York. Well, the value was destroyed. He had to sell it under forced sale.

Mr. COLLINS. I am afraid that if we pay this man, we are creating a precedent that is bad.

Mr. SOMERS of New York. May I remind the gentleman that every other similar case has already passed. I know of no one remaining and I have investigated that.

Mr. COLLINS. I do not find any similar case that has been passed.

Mr. SOMERS of New York. I shall be glad to call the gentleman's attention to them. I do not have them at my fingers' ends just now, not knowing that this question would be raised.

Mr. COLLINS. I dislike very much to object to the gentleman's bill, but this is a bill to which objection should be raised.

Mr. SOMERS of New York. I have no way of convincing the gentleman that he is wrong. I have always been in sympathy with the gentleman's attitude on these particular measures. However, I feel so deeply about this that if the gentleman will overlook it on this particular occasion—

Mr. COLLINS. If this were a fire loss I would object.

Mr. SOMERS of New York. We have passed this bill twice.

Mr. COLLINS. That does not mean much.

Mr. SOMERS of New York. No; but it means something. The committee is unanimous and the gentleman is of splendid character.

Mr. COLLINS. Mr. Speaker, I will have to object.

AMENDMENT OF THE ACT FOR THE RELIEF OF CONTRACTORS AND SUBCONTRACTORS

The Clerk called the next bill, H. R. 4064, to amend the act entitled "An act for the relief of contractors and subcontractors for the post offices and other buildings and work under the supervision of the Treasury Department, and for other purposes," approved August 25, 1919, as amended by the act of March 6, 1920.

Mr. STAFFORD. Mr. Speaker, I object.

Mr. LANKFORD of Virginia. Will the gentleman reserve his objection?

Mr. STAFFORD. I will reserve my objection for a moment.

Mr. LANKFORD of Virginia. I would like to say to the gentleman from Wisconsin that this bill does not appropriate any money. It simply allows this claimant to go before the Treasury Department and, if a loss has been sustained, permits him to prove it.

Mr. STAFFORD. And the Secretary of the Treasury says there are hundreds of such claims which would involve untold expense to the Government.

Mr. BLANTON. Will the gentleman yield?

Mr. LANKFORD of Virginia. Yes.

Mr. BLANTON. But it does involve, after all, as much as \$16,000.

Mr. LANKFORD of Virginia. If the claimant can prove that much of a loss. This same kind of claim was allowed in the Mahony case. This man lost everything he had in

this Government contract. He took the contract on a flat-sum basis, but he was in competition with contractors who were getting cost-plus contracts. They took everything he had and absolutely ruined him, so that he could not complete this job.

Mr. BLANTON. The Treasury Department passes the buck to the Congress. It says neither yea nor nay. They leave it to the Congress to determine.

Mr. LANKFORD of Virginia. Yes; and if he can prove a loss does not the gentleman think we ought to give him that right?

Mr. BLANTON. I think he ought to have a chance.

Mr. LANKFORD of Virginia. I thank the gentleman, and I trust the gentleman from Wisconsin will take the same view.

Mr. DALLINGER. I will say to the gentleman from Wisconsin that the Committee on Public Buildings and Grounds reported a number of bills of this character.

Mr. STAFFORD. Not in this term of Congress.

Mr. DALLINGER. It was done in the last Congress.

Mr. LANKFORD of Virginia. I wish the gentleman could have seen this old gentleman as he appeared before the committee. He is a very old man, his home has been taken away from him, and he is in absolute distress.

Mr. STAFFORD. I will go over this matter again, but for the time being I will have to object.

JAMES T. MOORE

The Clerk called the next bill, H. R. 4245, for the relief of James T. Moore.

Mr. COLLINS and Mr. STAFFORD objected.

Mr. MONTAGUE. Will the gentlemen reserve their objections?

Mr. STAFFORD. I will reserve my objection.

Mr. COLLINS. And I will reserve my objection.

Mr. MONTAGUE. The gentleman from Wisconsin who heretofore objected asked unanimous consent that this bill be passed over without prejudice. I desire to address these gentlemen in that attitude of mind; that they are without prejudice.

Mr. STAFFORD. Since that time I have examined the bill anew and my mind is not open at the present time as it was before, but the gentleman may be able to open it.

Mr. MONTAGUE. I am sure if the gentleman will listen he will come to my point of view.

This bill was objected to because the Secretary of War made no finding of any physical disability of a serious character. I ask the gentleman from Mississippi to listen to this observation. The report of the Secretary of War plainly omits the report of the Adjutant General, on which the report of the Secretary of War is based. In the report of the Adjutant General I find this language:

Slight pulmonary fibrosis, right middle lobe, X-ray reading. In view of occupation he is 100 per cent disabled. Disability not of a permanent nature.

That does not appear in the report of the Secretary of War. I tried to impress that upon the gentleman from Wisconsin last time. The Secretary of War did not deal fairly with this man. The Secretary omitted the very item which justifies the favorable consideration of this Congress, namely, that this man was 100 per cent disabled, although his disability may not be of a permanent nature. All he asks now is that he may go before a retiring board and have his disability examined.

Mr. STAFFORD. If the gentleman will permit, back in 1922 the Congress adopted the policy of reducing the officer personnel of the Army from thirteen thousand and odd to twelve thousand and odd. A commission of officers was appointed to determine who should be retired. This gentleman was examined and he was discharged with one year's pay. Now, there are any number of cases where bills have been reported asking that those men be reinstated, but having adopted that policy, why should we change it? Some disability eliminated this man and he was retired with a year's pay and he now desires to get back into the service.

Mr. MONTAGUE. He was discharged on December 22. The law which cut him off became operative on the follow-

ing January 1, just six or seven days before he would have been discharged as an officer of the Government with the proper right to go before a retirement board. So the equities of this case have been cut from under this man, and I submit to the gentleman that it is not just he should not have a chance to go before the retirement board and establish whether or not his disability is of the character stated.

Mr. STAFFORD. Mr. Speaker, I regret very much, in view of the gentleman's position, that I have to object.

Mr. MONTAGUE. I have no disposition except one of very great earnestness for this officer.

Mr. STAFFORD. I object, Mr. Speaker.

WESLEY B. JOHNSON

The Clerk called the next bill on the Private Calendar, H. R. 752, for the relief of Wesley B. Johnson.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That Wesley B. Johnson, who was granted a full and unconditional pardon by the President of the United States on February 18, 1921, following his dismissal April 8, 1919, from the United States Naval Reserve pursuant to sentence of general court-martial, shall hereafter be held and considered to have been honorably discharged from the United States Naval Reserve and shall be entitled to all the rights, benefits, and privileges allowed by existing law to persons honorably discharged from the naval service of the United States following active service in the World War.

With the following committee amendment:

Page 2, after the word "War" insert: "Provided, That no bounty, back pay, pension, or allowances shall be held to have accrued prior to the date of the passage of this act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third, was read the third time, and passed.

A motion to reconsider was laid on the table.

LIEUTENANT COMMANDER CORNELIUS DUGAN (RETIRED)

The Clerk called the next bill on the Private Calendar, H. R. 816, for the relief of Lieut. Commander Cornelius Dugan (retired).

Mr. PATTERSON. Mr. Speaker, I object.

Mr. HALE. Will the gentleman reserve his objection?

Mr. PATTERSON. I reserve the objection for the gentleman from New Hampshire.

Mr. HALE. I think this is a very remarkable and a very deserving case. Here is a man who is 92 years of age. He served in the United States Navy for over half a century. He served the United States of America honorably in three wars. He was promoted by a special act of Congress in 1923 to the rank of lieutenant commander, but the bill did not carry the pay of the rank, and this bill seeks to give this 92-year-old faithful public servant the pay of his rank for the few years more that he has to live, amounting to \$562.

Mr. BLANTON. Will the gentleman yield?

Mr. HALE. Yes; certainly.

Mr. BLANTON. The distinguished Secretary of the Navy recommends against the enactment of this bill.

Mr. HALE. Yes; he states it will establish a precedent, and I hope it will. I hope if there are any more men in this country who have served us in three wars honorably for over half a century they will come forward, and I will guarantee for my part to do all I can to have the precedent followed.

Mr. BLANTON. Will there be any young widow left when this man dies?

Mr. HALE. I think there is no widow in this case, and I hope the gentleman will withdraw his objection.

Mr. DARROW. If the gentleman will permit, this man served faithfully in the World War. He performed splendid service in that war, and if there was ever a case that deserved special attention it is this case.

Mr. STAFFORD. If the gentleman will yield, did not everyone in the World War serve faithfully?

Mr. DARROW. That is true, but this man was over 80 years of age at the time of the World War and went into active service.

Mr. HALE. And is now 92 years of age.

Mr. STAFFORD. Yes; it was his duty, as it was the duty of everybody, to assist in the prosecution of the war.

Mr. BLANTON. When this man dies will the payment of this extra \$562 a year stop?

Mr. HALE. Yes.

Mr. BLANTON. Will there be any payment to anybody else after his death?

Mr. HALE. Not so far as I know, I will say to the gentleman.

Mr. DARROW. This bill is simply to give this old gentleman, who has been such a remarkable man, the honor of having this recognition during the one or two years of life he has remaining.

Mr. COLLINS. Mr. Speaker, I object.

LUCY B. KNOX

The Clerk called the next bill on the Private Calendar, H. R. 2793, granting six months' pay to Lucy B. Knox.

Mr. LINTHICUM. Mr. Speaker, I ask unanimous consent that this bill may be stricken from the calendar, as this lady has received her money.

The SPEAKER pro tempore. Without objection, the bill will be laid on the table.

There was no objection.

FRANK WOODEY

The Clerk called the next bill on the Private Calendar, H. R. 83, for the relief of Frank Woodey.

Mr. COLLINS. Mr. Speaker, I object.

THERESA M. SHEA

The Clerk called the next bill on the Private Calendar, H. R. 1699, for the relief of Theresa M. Shea.

Mr. BACHMANN. Reserving the right to object, I find in the report no statement of the claimant as to how she was injured. I do not think the House should act on a bill at this time without such a statement or affidavit.

Mr. BLANTON. The fact is this truck was being driven slowly—13 miles an hour—and this woman stepped out from behind a car into the way of the truck.

Mr. BACHMANN. And she was carrying an umbrella.

Mr. BLANTON. And the courts have held that where a person steps into a train the railroad company is not liable for damages.

Mr. BOX. I want to call the attention of the committee to the fact that it is unsafe to rely wholly on the report made by a truck driver who must keep his record clear with his employer.

The gentleman from Texas, as a member of the subcommittee, investigated the question and found himself in doubt because of the conflicting testimony, but he reached the conclusion that that statement made by the man driving the truck was incorrect, that the woman was struck at a place where she was properly, that she did not step from behind a car, that she was struck so far out that she could not have been in that position.

Mr. BLANTON. If there were any way to keep the bill within \$2,000, I would have no objection under the statement made by the gentleman. But this bill, when introduced, carried \$10,000, and my friend knows that when it goes back to the Senate that sum of \$2,000 will be amended and in the closing hours of Congress it will finally pass carrying \$10,000.

Mr. BOX. While the facts are not perfectly clear, the committee reached the conclusion that the facts warranted this appropriation. I believe the committee's action was correct.

Mr. BACHMANN. Does not the gentleman think that the claimant herself should have made some statement or some affidavit, so that the House would know whether or not the claim was made?

Mr. BOX. It probably would have been better, but all the evidence coming before us convinced us that this bill ought to pass.

Mr. BLANTON. Will the chairman of the committee assure us that he will hold the bill at its present amount of

\$2,000 in conference, for he will be one of the conferees? If he does that, I withdraw any objection.

Mr. BACHMANN. Mr. Chairman, for the time being I object.

CORRECTION OF NAVAL RECORD OF OFFICERS AND SAILORS WHO SERVED ON THE "HARVARD" AND "YALE" IN THE SPANISH WAR

The Clerk called the next bill on the Private Calendar, H. R. 2388, for the correction of the naval record of officers and sailors who served on the *Harvard* and *Yale* during the Spanish War.

Mr. GREENWOOD. Mr. Speaker, I reserve an objection.

Mr. COCHRAN of Missouri. This report shows that the men served under a naval officer; the ship was in action before they had an opportunity to be enlisted. The gentleman would not deprive a man serving on a fighting ship in the Navy of the right to have his record date from the period he went into the service. I have read the report and it seems to me the bill should pass.

Mr. GREENWOOD. The report shows that these men were on a merchant vessel; they were not in the Navy.

Mr. COCHRAN of Missouri. The Navy Department recommends that the bill pass.

Mr. GREENWOOD. They had less than 90 days' service. Why should they be changed from civilian employees to a military status?

Mr. CRAIL. Let me say that the Navy Department has recommended that the bill do pass, and the Bureau of the Budget has also recommended favorably the consideration of the bill.

The vessel that they were on was armed and they were sent to sea, and they were commanded by a naval officer. It was during war time, and for all intents and purposes they were actually on a naval vessel. But unfortunately the men were not carried on the rolls of the Navy and had never been mustered into the service.

Mr. GREENWOOD. These men were never enlisted. They were civilians on a merchant vessel. It is attempted now to put them in the military service and correct their record, even though they had less than 90 days' service here.

Mr. CRAIL. If they were not in the military service, they were at least in the naval service, commanded by naval officers.

Mr. GREENWOOD. Mr. Speaker, I ask that the bill go over without prejudice. I am willing to study it more. My contention is that they ought not to be changed from a civil to a military status.

Mr. CRAIL rose.

Mr. GREENWOOD. If the gentleman is not willing to have it go over without prejudice, I shall have to object.

The SPEAKER pro tempore (Mr. MAPES). Objection is heard.

WILLIAM J. COCKE

The Clerk called the next bill, H. R. 6473, for the relief of William J. Cocke.

Mr. UNDERHILL. Mr. Speaker, I object.

Mr. HOOPER. Mr. Speaker, will the gentleman reserve his objection?

Mr. UNDERHILL. Yes.

Mr. HOOPER. I am not going to make a speech, but I want to call a matter to the attention of the House.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. HOOPER. Yes.

Mr. BLANTON. This bill is not only unfavorably reported by the War Department, which recommends against its passage, but this went to the Court of Claims, which found adversely.

Mr. HOOPER. That is what I wanted to call to the attention of the House. This is not my bill, and I am not going to plead for its passage. I did not make a particular study of it, but it is one of a class of claims that I have been discussing recently, and I am glad that the gentleman called attention to the fact that the Court of Claims has passed upon it. This is one of those claims that goes to the Court of Claims where there is a real and valid claim on the part of some citizen of the United States, and where the Court

of Claims finds that there is not a legal liability. That court says in the second sentence of its opinion:

The plaintiff relies for a judgment in this case upon a breach of contract by the Government. The facts, clear and indisputable, disclose a situation where the plaintiff, though badly treated, is obviously without recourse under the law.

They say further:

In so far as a nonobservance of this covenant is involved, the case is free from difficulty. It was not carried out.

Mr. BLANTON. This claimant claims \$33,000, and yet the gentleman's committee in passing upon whether his claim was just or not allowed him only \$11,000.

Mr. HOOPER. That is not unusual. I know that when the gentleman was a distinguished advocate practicing in the courts of Texas he very frequently compromised cases where his clients thought more money should be paid but where the distinguished gentleman, as a lawyer, thought it best to settle the case for a less sum. I call to the attention of the House the fact that this is one of that class of equitable cases that ought not to be handled by a non-judicial body like the Congress of the United States.

Mr. UNDERHILL. Mr. Speaker, I reserve the right to object. I want to say that I sympathize with much that the gentleman from Michigan has said. There ought to be some tribunal to which these cases could be referred rather than bringing them in here. But, Mr. Speaker, this case was referred to such a tribunal and was turned down by the Court of Claims. The case was then appealed from the decision of the Court of Claims, and the Supreme Court turned it down. An appeal was made from the Supreme Court to this body, and this body, represented by the Committee on Claims, turned it down.

Mr. HOOPER. Mr. Speaker, will the gentleman yield?

Mr. UNDERHILL. In just a minute, after I get through with the history of the case. An appeal was taken to the other body with respect to this claim, and the other body allowed \$5,000. In other words, there is a claim here for \$40,000 and the Committee on War Claims allows \$9,000 or \$10,000. At a previous session of Congress the Senate allowed \$5,000. The original claim was for \$66,000. It comes right down to the point of how much they were entitled to, if any, and also whether this or any other Congress, when there is a medium to which these bills can be referred, will accept the report of that medium, and also whether it is going to accept an adverse report of the Committee on Claims or a favorable report of the Committee on War Claims.

Mr. HOOPER. Mr. Speaker, will the gentleman yield?

Mr. UNDERHILL. Yes.

Mr. HOOPER. The gentleman has stressed the exact point that I have been trying to drive home to the House for a year or two. It is true that the Court of Claims did pass on that matter, and it is true it was appealed, and that the court to which it was appealed passed on the claim; and it is also true that both those courts in passing upon it did so as concerning a strict matter of contract. It is said here in the very words of the Court of Claims itself that this claimant was very badly treated. He has not a legal case, but we are claiming that he has an equitable case, and it is with equitable claims that the War Claims Committee has to deal.

Mr. UNDERHILL. Mr. Speaker, considering all of the reasons given by the gentleman, I still want to protect the reputation of a former Claims Committee, and I object.

HUGH S. GIBSON

The Clerk called the next bill, H. R. 392, for the relief of Hugh S. Gibson.

Mr. COLLINS. I object.

AGNES LOUPINAS

The Clerk called the next bill, H. R. 3187, for the relief of Agnes Loupinas.

Mr. BLANTON. Mr. Speaker, I reserve the right to object in order to ask the chairman of the committee whether he can assure the House that in the closing hours he will

hold this bill to the \$3,500 that the committee has allowed and not permit it to be raised to a \$10,000 claim.

Mr. IRWIN. I certainly will. We agreed to the amendment in the committee, and I certainly will stand on the agreement of my committee.

Mr. BLANTON. With that understanding, I shall not object.

Mr. BACHMANN. Will the gentleman yield?

Mr. IRWIN. I yield.

Mr. BACHMANN. I notice in some of these bills the House is considering this afternoon that payments are to be made in some instances where children have been injured, to their fathers, and in other instances to the children. They are bills for the same character of negligence, being made payable in different ways. Here is a child who was injured in 1925 and was only 4 years old. She is now about 9 or 10 years old. This bill seeks to pay \$3,500 to this minor. I ask the gentleman from his great and long experience in the House if he thinks the bill is properly drawn in that connection?

Mr. BLANTON. While I do not want to say anything that will reflect upon the committee, the gentleman from West Virginia [Mr. BACHMANN] can depend upon the fact that before this money is paid there will be a proper guardian, because the Government does not pay any money to any minor unless there is a proper guardian authorized to receive it.

Mr. BACHMANN. Should not this House follow a uniform rule? If we are going to make payment to minors let us make all the bills read that way, and if we are going to make payments to guardians let us make them read that way.

Mr. BLANTON. It should be made payable to the lawful guardian of the child.

Mr. UNDERHILL. Will the gentleman yield?

Mr. IRWIN. I yield.

Mr. UNDERHILL. There are some instances where the parent of a child is not dependable, and consequently the payment is made to the guardian of the child. The court appoints a guardian that is really reliable in place of the parent.

Mr. BACHMANN. Does the Government follow the practice of having guardians appointed where this money is payable to the child?

Mr. UNDERHILL. Always.

Mr. BLANTON. Will the gentleman yield?

Mr. IRWIN. I yield.

Mr. BLANTON. In some instances where it is a small amount it entails a great hardship, because guardianship proceedings in almost every State cost a great deal of money. In some instances, where it is a small amount, it is not insisted upon, but where it is a large sum, as in this case, they always demand that a guardian be appointed.

Mr. IRWIN. I wish to say that the committee has considered this matter on a number of occasions, and where there is any doubt about it we have always inserted in the bill that it should be paid to the guardian. But as the gentlemen of the House well know, the Government is not going to pay out any large sum of money like this without paying it to the proper guardian, and the matter of expense, as the gentleman has suggested, is very often pertinent in these cases. But the policy of the committee has always been to see that it goes to the guardian, and it is assumed the Government will take care of that.

Mr. UNDERHILL. The Government could not give acquittance to a minor.

Mr. BACHMANN. I have no objection except that I wish to offer an amendment at the proper time.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Postmaster General be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, and in full settlement against the Government, the sum of \$10,000 to Agnes Loupinas, of Detroit, Mich., for personal injuries received on the 29th day of August, 1925.

With the following committee amendments:

Page 1, line 3, strike out "the Postmaster General," and insert in lieu thereof "Secretary of the Treasury."

Page 1, line 7, strike out "\$10,000," and insert in lieu thereof "\$3,500."

The committee amendments were agreed to.

Mr. BACHMANN. Mr. Speaker, I offer an amendment, which I have sent to the Clerk's desk.

The SPEAKER pro tempore. The gentleman from West Virginia [Mr. BACHMANN] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BACHMANN: At the end of the bill insert the following:

"Provided, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ELMO K. GORDON

The Clerk called the next bill, H. R. 3811, for the relief of Elmo K. Gordon.

Mr. COLLINS. Mr. Speaker, reserving the right to object, why does the gentleman feel that the Government should pay for two years' service of a soldier arrested in Mexico?

Mr. IRWIN. Will the gentleman yield?

Mr. COLLINS. I yield.

Mr. IRWIN. This man was on a furlough and went across the border to Tia Juana, Mexico.

Mr. COLLINS. And was sent to jail for two years by Mexican authorities, and therefore the gentleman feels it is the duty of the Government of the United States to pay him his salary while he was in jail?

Mr. IRWIN. I think the gentleman should thoroughly understand it would not take very much to have a man convicted in Tia Juana, Mexico.

Mr. COLLINS. I understand that Tia Juana is a place where it is almost impossible to get arrested for anything.

Mr. IRWIN. But if one of our sailors got into a little difficulty over there, a little fight that did not amount to anything, they send him to the penitentiary for two years. We would not demand anything more than that he pay a fine of \$3 and costs in this country.

Mr. COLLINS. Now, the gentleman wants to give him a medal and promotion and pay his salary for being arrested.

Mr. IRWIN. No; I do not want anything of the kind at all.

Mr. BLANTON. Will the gentleman yield?

Mr. IRWIN. I yield.

Mr. BLANTON. You can go to Juarez, across the river from El Paso or down to Brownsville, across the river there, or cross the river at Laredo and you will find Americans arrested every day in Mexico.

Mr. IRWIN. Certainly.

Mr. BLANTON. That is the first thing many of them do after they go over there—they get arrested.

Mr. IRWIN. Certainly.

Mr. BLANTON. Are we going to protect them?

Mr. IRWIN. We can not help the usages in Mexico, but I hold that this man was unjustly arrested. I hold that he served about half the term and the Mexican Government itself released him.

Mr. COLLINS. The gentleman knows that if this man had been in civilian life this committee never would in a hundred years have passed out this claim. Just because he was in the Army you pass out a claim like this.

Mr. IRWIN. When a man has hard luck and happens to be arrested for a very trivial offense and he loses one year I think certainly the man ought not to be deprived of his pay.

Mr. COLLINS. Does the gentleman from Kentucky want to say something for the Record?

Mr. THATCHER. If I may, and for the gentleman's benefit, too. This bill was introduced by my colleague, Mr. NEWHALL, who is now very sick, and he asked me to represent him on the floor. This man was arrested, as many arrests occur in places like Tia Juana, a notorious place. He was thrust into prison on a very trivial charge—

Mr. COLLINS. By Mexico?

Mr. THATCHER (continuing). For two years. He served about a year, and a dishonorable discharge was made by the Navy Department because of this Mexican conviction and delivered to the chief of police in Tia Juana. He held it in his desk for a year and never delivered it. It transpired upon investigation that this arrest should never have been made and that this man should never have been convicted. It was determined to the satisfaction of the naval officials that this man was not guilty, and he was discharged from prison in Mexico a year before his sentence expired, and the Navy canceled his dishonorable discharge. So he was restored to service and thereupon completed his two years of honorable service in the Navy, when he was honorably discharged. It is now proposed to pay him for the time he was in prison, and the Navy Department has recommended the passage of this bill as a simple act of justice.

Mr. COLLINS. I contend it is just as proper for the gentleman who introduced the bill to pay this man's salary as it is for the Government of the United States to pay it. Our Government did not arrest him and did him no damage.

Mr. THATCHER. This man was serving in the Navy. He was in Tia Juana under authorized leave.

Mr. COLLINS. If he had been working for the Bell Telephone, the situation would have been the same.

Mr. THATCHER. Oh, no. Men who serve in the uniform of their country ought to be protected when prosecuted under conditions of this sort. I hope the gentleman will not object.

Mr. BLANTON. Will the gentleman yield?

Mr. THATCHER. Yes.

Mr. BLANTON. A man who serves in the uniform of the United States ought to conduct himself in Tia Juana or anywhere else so he will not be arrested.

Mr. THATCHER. I agree with that, but conditions there are different from what they are in any place in this country. The Navy Department found he was not guilty of the charge.

Mr. COLLINS. Mr. Speaker, I object.

ANNA LOHBECK

The Clerk called the next bill, H. R. 768, for the relief of Anna Lohbeck.

Mr. STAFFORD. Mr. Speaker, I object.

Mr. COCHRAN of Missouri. Will the gentleman reserve his objection?

Mr. STAFFORD. I will reserve it.

Mr. COCHRAN of Missouri. This bill was considered at the last session, and the gentleman from Wisconsin promised to give it very careful consideration. If he has analyzed the evidence, including the report of the hearings before the Army officers, he will see that the men were on official duty. They had been sent to a rifle range to get some supplies that were left there, and were on their way back when they struck this lady. She is now totally disabled and is being cared for by others. It seems to me the Government of the United States is certainly responsible. I hope the gentleman will not press his objection. If a privately owned automobile had struck this lady, she would have recovered \$10,000 damages.

Mr. STAFFORD. I can assure the gentleman that on a Sabbath, and of course that may strengthen the position I take as to this case, I reviewed the report very carefully and

I could not see my way clear to change the attitude I took a year ago. I object.

KATHERINE HEINRICH

The Clerk called the next bill, H. R. 1313, for the relief of estate of Katherine Heinrich (Charles Grieser and others, executors).

Mr. STAFFORD. Mr. Speaker, I object.

LIEUT. S. JACOBS

The Clerk called the next bill, H. R. 1135, for the relief of Lieut. S. Jacobs, United States Navy.

Mr. COLLINS. Mr. Speaker, I object.

Mr. SCHAFER of Wisconsin. Will the gentleman reserve his objection?

Mr. COLLINS. I will reserve my objection; yes.

Mr. SCHAFER of Wisconsin. Does the gentleman believe that these members of the Naval Establishment who suffered a large financial loss, due to the absolute negligence of Government officials, should not be reimbursed? This bill covers the loss of personal effects of a number of members of the Naval Establishment, which loss resulted from the negligence of the commander of a naval tug upon which these effects were loaded. They were being transported by the Government, under authority of law, and due to the negligence of a Government official the boat was sunk and these people lost all of their personal effects. As the chairman of the subcommittee considering the bill I spent two or three days in going over it. We made reductions which would seem reasonable. Unfortunately we found that one of these naval officers had outrageously padded his account, but we made the proper reduction. The reduction was deemed proper not only by the representatives of the Secretary of the Navy but by the Claims Committee.

Mr. COLLINS. Does the gentleman know that each of these gentlemen has been paid \$1,000 already?

Mr. SCHAFER of Wisconsin. Yes; but if the gentleman had his pocketbook stolen, the thief was apprehended, and it contained \$5,000, he would not be satisfied to accept \$1,000.

Mr. COLLINS. But they did accept it.

Mr. SCHAFER of Wisconsin. They were forced to accept it, because the Navy Department is only authorized to settle claims up to \$1,000.

A number of these Government officers have large families and with the pay they receive and their necessary expenses in carrying on their profession, they were up against it, and in order to replace the personal effects of themselves and their wives and their dependent minor children, you certainly could not hold it against them because they accepted the maximum they could receive under the general law.

Mr. COLLINS. They were paid \$1,000 for their personal effects that they lost while they were on this vessel, and I dare say that is ample to take care of all the personal property they lost.

Mr. SCHAFER of Wisconsin. It absolutely was not.

Mr. BLANTON. Will the gentleman yield?

Mr. COLLINS. Yes.

Mr. BLANTON. I just want to know from the gentleman from Wisconsin whether he is on the prosecution or on the defense side of the docket right now.

Mr. SCHAFER of Wisconsin. During my first consideration of this bill I was on the prosecution side, but I went into the bill very carefully and over the voluminous list of claims made under oath and checked up the details of the claims which appeared on dozens of pages and then made what I believed was a proper reduction, and I regret that the gentleman who desires to object takes the attitude that \$1,000 will cover all of the personal effects involved.

I do not believe if the gentleman had lost all of his furniture and all of the clothing and personal effects of himself and his wife and five or six children, if he has them, he would reach the conclusion that \$1,000 would cover the loss, and if he were without funds and needed to replace the clothing for his wife and children and could obtain \$1,000 under the law in settlement, I do not think he would

dillydally along with the Government and wait perhaps for 13 or 14 years in order to make an original settlement through a special act bill.

Mr. COLLINS. If the gentleman will pardon this statement, when a man makes a settlement there are only two reasons why a court will set aside that settlement, and they both relate to incompetency. This gentleman accepted a settlement of \$1,000. They are supposed to be intelligent men. They are officers of the United States Navy and I think the Congress ought to require them to accept finally the amount they agreed to accept, and therefore I object.

Mr. SCHAFER of Wisconsin. When the bill providing for the reimbursement to an admiral who lost his effects in the same accident passed the Congress of the United States, I believe the gentleman should have raised his objection at that time if he is going to object on the grounds which he has just stated. Of course, if the gentleman wants to object arbitrarily—

Mr. COLLINS. I object, Mr. Speaker.

DR. J. T. WOOD

The Clerk called the next business on the Private Calendar, H. R. 9398, for the relief of Dr. J. T. Wood.

Mr. COLLINS. Mr. Speaker, I object.

Mr. ARENTZ. Will the gentleman reserve his objection?

Mr. COLLINS. Yes.

Mr. ARENTZ. I think it is well to bring to the attention of the House that this bill is for \$67.50. Every other claim that has come before the House that I have any recollection of has given the full value of the items involved. In this case this doctor said he paid \$15 for the trunks originally, but would take off \$10 and put them in at \$5, and the same thing was done to the respect to the other items involved. I certainly hope the gentleman from Mississippi will agree to allow this man to get what he is entitled to.

Mr. COLLINS. This was a doctor working, as I remember the case, for the Veterans' Bureau. He claims that certain of his property was destroyed by fire. As an ordinarily prudent man he ought to carry fire insurance, just as every other class of persons has to carry such insurance. I see no reason for preferential treatment of one class over another.

Mr. ARENTZ. Does the gentleman think a man could insure the things that are listed here, like diplomas framed in ordinary, simple frames, and a few trunks that were worth \$15, although he is willing to take \$5 for them? If any claim should be passed, certainly this little claim should not be objected to.

Mr. COLLINS. I am required to pay insurance on my property. I am a public officer. I see no reason for this action. I object, Mr. Speaker.

LIEUT. JAMES FLOYD TERRELL, MEDICAL CORPS, UNITED STATES NAVY

The Clerk called the next bill on the Private Calendar, H. R. 596, for the relief of Lieut. James Floyd Terrell, Medical Corps, United States Navy.

Mr. BACHMANN. Mr. Speaker, reserving the right to object, and I shall not object, because I believe this is a meritorious bill, I would like the gentleman to assure the House that the property destroyed in this fire was not covered by fire insurance.

Mr. MONTAGUE. The property destroyed by this fire was covered by an insurance policy which was canceled upon the departure of this man from the United States, and therefore the policy was void with respect to the property destroyed in the Panama Zone.

Mr. BACHMANN. I withdraw the reservation of objection.

Mr. SCHAFER of Wisconsin. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Mississippi [Mr. COLLINS] if he can see any difference in the merits of this bill, with respect to a loss by fire, and the one that he objected to a moment ago.

Mr. COLLINS. I see very little difference in the two bills.

Mr. BACHMANN. If the gentleman will yield, there is a lot of difference between this bill and the one the gentleman refers to.

Mr. MONTAGUE. If the gentleman will permit me to answer, there was another equity in the case which, in my judgment, is insurmountable. This man was a surgeon in the Navy. His house was on fire and he was called from the duty of protecting his own property and assigned to the duty of looking after those injured in the larger or major fire zone, so he could not protect his own property.

Mr. BACHMANN. And if it had not been for taking care of those who were injured, he could have saved his own property?

Mr. MONTAGUE. It seems according to his own statement he could, and there is nothing to contradict his statement.

Mr. SCHAFER of Wisconsin. I agree with everything the author of the pending bill has stated; in fact, I was present at the meeting of the Claims Committee when we considered this bill, and I shall not interpose any objection, and I sincerely hope that the gentleman who is the regular objector on the other side and who objected to the prior bill, which has just as much merit, will not interpose an objection.

Mr. COLLINS. I am going to object to the bill.

Mr. MONTAGUE. Why?

Mr. COLLINS. I am objecting because I feel that this man should have carried insurance.

Mr. MONTAGUE. He did carry insurance.

Mr. COLLINS. And should have protected himself just like the ordinarily prudent man protects himself.

Mr. MONTAGUE. He did carry insurance, but an American insurance policy will not cover property destroyed in a foreign country.

Mr. UNDERHILL. May I say to the gentleman it has been the practice of the committee in past years to hold that officers of the Army and the Navy of the United States must protect their property by carrying insurance. But now and then a case arises, as in this case, where he could not insure his property because of the exigencies of the situation.

Mr. COLLINS. There is only one class of cases of this type that I have not objected to, and those are cases where the persons were engaged in saving life or Government property.

Mr. UNDERHILL. This is one of those cases.

Mr. COLLINS. If that is the case, if this case comes under that class—

Mr. UNDERHILL. This man was engaged in saving the life of others, the lives of people who were in jeopardy.

Mr. MONTAGUE. I want to say—this is not in the record—that this man's brother-in-law, Mr. Claude W. Hopper, a man of the utmost integrity, writes me as follows:

Doctor Terrell, at the time he was assigned to sea duty in Panama, was carrying insurance on his automobile as well as personal effects. The insurance company with whom he was insured canceled his insurance on the automobile and personal effects at the time of his sailing from New York. He arrived in Panama early in December and the fire which destroyed his effects happened, I believe, the 9th of January, just about a month after his arrival. He tried to get insurance in Panama, but could not do so. This explains why Doctor Terrell did not carry any insurance.

Mr. COLLINS. The only question I wanted to be satisfied on was whether or not at the time of this fire this man was actually engaged in saving lives or saving Government property.

Mr. MONTAGUE. There is no doubt about that.

Mr. COLLINS. Mr. Chairman, I withdraw my objection. The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Lieut. James Floyd Terrell, Medical Corps, United States Navy, out of any money in the Treasury not otherwise appropriated, the sum of \$1,615.75 for reimbursement for personal loss by fire.

With the following committee amendments:

Line 7, strike out all after the word "of" and insert in lieu thereof the following: "\$1,250 in full payment for the value of personal property destroyed by fire January 9, 1922, while situated in building No. 36 at the submarine base, Coco Solo, Canal Zone."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

THOMAS H. DEAL

The Clerk read the next bill on the Private Calendar, H. R. 648, for the relief of Thomas H. Deal.

Mr. STAFFORD. I reserve the right to object.

Mr. DOXEY. Mr. Speaker, in view of the fact that the gentleman from Alaska is unavoidably absent, I want to say that no doubt you have reached the opinion from the information obtained from the report of the department that this is not a meritorious bill. The department's report was made at the time when the alleged robbery had not been sifted down, because in June, 1923, it developed that Romeo Hoyt was arrested in San Francisco. They found that bonds had been traced to San Francisco, and the department reported at the time that there was some suspicion that the postmaster was implicated in the robbery because they said they doubted whether his effects were placed with the postal funds that were taken.

Mr. DOXEY. The record does not show that, but he was in possession of the funds. The postmaster, Mr. Deal, had his own personal property in his own safe.

Mr. STAFFORD. Was he an employee of the Postal Service?

Mr. DOXEY. Not at all. The reason that the Post Office Department took this money out of this postmaster's salary was because they said they did not believe he had any of his personal effects in the safe where he kept the postal savings. They just had his word for it.

Mr. STAFFORD. When I read the report of the Post Office Department of January 22, 1930, my objection was predicated upon the idea that the postmaster was careless in the way he kept these funds, that the combination of the safe was on a slip of paper ready of access, and so easy to get to the contents of the safe. There is nothing in the report to satisfy me that he was doing his full duty as a postmaster. We have a number of bills on the calendar where the department recommends favorably; where it shows beyond peradventure of doubt that the postmaster was not at fault. I have not been able to bring myself to the opinion that this postmaster was not at fault.

Mr. DOXEY. These are the facts upon which the gentleman can base his judgment as to whether or not he was at fault: The record shows that he has kept the combination of the safe in the drawer in his desk. That drawer was in his own desk; but possibly somebody had access to it, because the safe was not blown but the combination was worked.

Mr. STAFFORD. I shall go over this case again in view of the statement of the gentleman from Mississippi. For the time being I object.

ORANGE CAR & STEEL CO.

The Clerk called the next bill, H. R. 8169, for the relief of the Orange Car & Steel Co., of Orange, Tex., successor to the Southern Dry Dock & Shipbuilding Co.

Mr. BACHMANN. Mr. Speaker, I reserve the right to object in order to ask the gentleman from Texas what is the purpose of adding section 2 to this bill providing for an appropriation after the case has gone to the Court of Claims, with no amount named, the amount being unliquidated, and whether it is proper for this House to pass this bill appropriating a sum of money that is not liquidated prior to the decision of the Court of Claims.

Mr. BOX. Mr. Speaker, in order to avoid any useless discussion of that question, I advise the gentleman that this bill has passed the Senate in a very much amended form, the amendment having been made at the request of the Shipping Board or upon suggestions made by it. If the House permits the consideration of the bill, while it is pending, I, or some other gentleman, will ask for the substitution of the Senate bill, which I think will not be subject to the objection that the gentleman raises.

Mr. BLANTON. Will the gentleman yield?

Mr. BACHMANN. Yes.

Mr. BLANTON. I interrupt to ask the gentleman from Massachusetts [Mr. UNDERHILL] if this is not the bill that he went into so carefully and finally approved.

Mr. BACHMANN. I am not objecting to the bill.

Mr. BLANTON. The gentleman from Massachusetts had this matter up for three years, and approved it. This bill is meritorious, and should be passed.

Mr. BACHMANN. I am talking about the section that makes an appropriation when there is no amount carried, prior to the time of the decision of the Court of Claims.

Mr. COCHRAN of Missouri. I shall object unless section 2 is stricken out.

Mr. STAFFORD. I reserve the right to object. There is no bill on the Private Calendar to which I have given more consideration than this bill, and I have done so out of deference to the gentleman from Texas [Mr. Box]. It is a bill for a large amount. The Senator from Texas gave me a copy of the revised bill and in the last 10 days I have asked for special information concerning certain features of the bill which are not contained in the report. That information has not yet been submitted and until it does come I ask unanimous consent that this be passed over.

Mr. BOX. Mr. Speaker, I think the passing over of bills now means that they are dead. With the gentleman's permission, I desire to make a statement of the facts in the case. The bill was reported after much consideration by the committee. It has been on the calendar for more than a year. It grows out of this state of facts. There was a controversy between the claimant and the United States Shipping Board. They were not able to reach an agreement as to the \$176,665.42. It was expressly stipulated between the claimant and the United States Shipping Board that the settlement did not cover this item and that the claimant should have the right to have the matter adjusted afterwards.

Mr. STAFFORD. I agree with the gentleman as to that.

Mr. BOX. The claimant has during all these years been seeking a forum in which to present its claim, which it was stipulated it should have. It comes now asking that it may be permitted to go into the Court of Claims to urge that claim and establish it, if it can. I am not going to ask the gentleman to override his judgment, but the request for a hearing, which this bill would grant, seems to be one entitled to consideration, which the gentleman's objection denies. I hope he will yet withdraw it.

Mr. STAFFORD. I wrote nearly two weeks ago for this information. I do not know why it has not been forwarded to me. I do not think this will be the last day, so far as this bill is concerned, because if the material objection is removed by the information that I am seeking from the Shipping Board I shall use my offices to have this bill passed.

Mr. UNDERHILL. Mr. Speaker, will the gentleman reserve his objection?

Mr. STAFFORD. Yes.

Mr. UNDERHILL. The gentleman from Texas [Mr. Box] sat by my side in the Committee on Claims for eight years. For four years I was the chairman of the committee and he was the ranking member. Never during those eight years has he ever advocated or given his support to a bill that was not absolutely clear, above suspicion, and equitable. His defeat at the primaries in Texas has really been a calamity to the Nation. [Applause.]

That defeat was largely caused because he stood up like a man against the claims of his own constituency. There are very few men in this House that would show the degree of courage that he showed with reference to the Texas cattle-tick cases and the Texas pink-bollworm cases. There is no man in the House that has excited my admiration, my respect, and my confidence to the degree that the gentleman from Texas [Mr. Box] has, and no matter what my judgment might have been upon this case, knowing him as I do, knowing his service as I do, I should not question the fairness or equity or justness of it. [Applause.]

Mr. STAFFORD. I wish to say, Mr. Speaker, there is a very severe indictment against this claim by the assistant counsel for the Shipping Board, and, as I said before, I wish to obtain certain information from the comptrollers of the Shipping Board. If they can remove those objections, I will remove mine. In the meantime I shall have to object.

CATHERINE C. SCHILLING

The Clerk called the next bill, H. R. 1176, for the relief of Catherine C. Schilling.

Mr. STAFFORD. I object.

ARTHUR H. TEEPLE

The Clerk called the next bill, H. R. 1354, for the relief of Arthur H. Teeple.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Arthur H. Teeple the sum of \$154.10 to reimburse him for expenses incurred in procuring medical and hospital treatment as a result of injuries incurred while engaged in mounted drill as a member of Troop E, One hundred and sixteenth Regiment Idaho National Guard Cavalry, at Camp John M. Regan, Boise, Idaho, June 15, 1927.

The bill was ordered to be engrossed and read the third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

KLAMATH IRRIGATION DISTRICT

The Clerk called the next bill, H. R. 10174, authorizing the sale of a certain tract of land in the State of Oregon to the Klamath Irrigation District.

Mr. STAFFORD. I reserve the right to object in order to give the author of the bill an opportunity to explain it.

Mr. BUTLER. This bill was considered once before in the House and was objected to by the gentlewoman from California [Mrs. KAHN]. It was also authorized to be objected to by the gentleman from Illinois [Mr. ALLEN]. Since that time the gentlewoman from California has indicated she did not believe she should object to the bill. The gentleman from Illinois [Mr. ALLEN] said he was misinformed with respect to the bill, because when he was a member of the Reclamation and Irrigation Committee my predecessor had introduced a bill authorizing suit to be brought to cancel certain power rights on the Klamath River. When he discovered that was not the bill he withdrew his objection.

I will try to be as brief as I can in explaining the matter to the gentleman from Wisconsin [Mr. STAFFORD].

When the bill was passed by this House authorizing the creation of the Klamath Irrigation District it was the reclamation policy of this country, wherever there was a power site, to develop power to assist in the repayment and reimbursement of the Government for the construction of that plant. In later years the Department of the Interior, which was presided over by the late lamented Franklin K. Lane, entered into a contract whereby he sold three out of four power sites to the California-Oregon Power Commission.

Mr. STAFFORD. Will the gentleman yield?

Mr. BUTLER. Yes, indeed.

Mr. STAFFORD. I wish to direct an inquiry to the gentleman as to whether there would be any objection on his part to having this property sold for a reasonable price after appraisal of the value has been made.

Mr. BUTLER. I will object to that, if the gentleman pleases.

Mr. STAFFORD. What is the objection to having this property sold after appraisal of the value?

Mr. BUTLER. For the reason that the reclamation company is unable to compete with the power company in a public auction of that property. I will be frank and say to the gentleman that is the law now. Wherever there is property in an irrigation district that is no longer needed there is a general law which says it must be sold at public auction.

Mr. STAFFORD. The gentleman misinterprets the scope of my amendment. All I wish is to have an appraisal made of this property, authorizing the Secretary of the Treasury to convey to the Klamath Irrigation District, but to convey it at a reasonable price after appraisal.

Mr. BUTLER. And leave it to his discretion? Is the gentleman willing to have it left to his discretion, under the circumstances?

Mr. STAFFORD. Yes. I have been informed since I took the floor that there is a conflict between the Klamath Irrigation District on one side and a power trust on the other.

Mr. BUTLER. That is a fact.

Mr. STAFFORD. I certainly am not in sympathy with any power trust.

Mr. BUTLER. But before the gentleman makes that request may I make one statement? I attended the hearings before the Senate committee on this bill, and the Senator from Montana asked the attorney representing the Bylesby interests, of which the California-Oregon Power Co. is a party:

Will you say, then, that this is not a trust piece of property for the benefit of that district?

He hesitated, and he said:

Is it a trust or not? Is the Government holding this property in trust for that district or not?

And the attorney, a very able man, responded:

The Government is holding it in trust for that district.

And that is the basis for this bill.

Permit me to say to the gentleman, however, that before I will permit this bill to be defeated and justice to be thwarted, if he is willing to leave it to the Department of Justice to dispose of the property according to its own discretion, after making an appraisal, I will be willing for the amendment, but I may say to the gentleman that I do not believe he ought to ask me to do that.

Mr. ARENTZ. Will the gentleman yield?

Mr. BUTLER. I yield.

Mr. ARENTZ. I think after the word "quitclaim," in line 4, on page 1, if there is added "at its appraised value," you will cover all the objection which the gentleman from Wisconsin [Mr. STAFFORD] has raised to the bill.

Mr. STAFFORD. The report shows it has a book value of a very inconsequential amount. I want this property sold to the Klamath Irrigation District for a reasonable price, after appraisal has been made.

Mr. ARENTZ. At its appraised value, as I say.

Mr. BUTLER. There can not be any objection to taking into consideration in the appraised value the fact admitted by the lawyer for the power company, that it was being held in trust for the benefit of the district.

Mr. ARENTZ. Will the gentleman yield?

Mr. BUTLER. I will be glad to.

Mr. ARENTZ. Has the gentleman any objection to an amendment "at the appraised value to be made by the Secretary of the Interior"?

Mr. BUTLER. I will not object to that.

Mr. ARENTZ. Has the gentleman from Wisconsin any objection to that?

Mr. STAFFORD. For a reasonable price after appraisal of the value of said land and easements has been made.

Mr. ARENTZ. That is all right.

Mr. BUTLER. An appraisal of the easements has been made which is satisfactory to the company.

Mr. ARENTZ. "It would not do any harm to include that?"

Mr. BUTLER. I will be glad to do that.

Mr. STAFFORD (reading):

That the Secretary of the Interior is authorized and directed to enter into a contract to sell and quitclaim, within one year after the date of the approval of this act, for a reasonable price after an appraisal of the value of said lands and easements has been made.

What fairer proposition could be made?

Mr. BUTLER. I will accept that amendment.

There being no objection, the bill was read, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to sell and convey, within six months after the date of the approval of this act, to the Klamath Irrigation District, an Oregon corporation, all right, title, and interest of the United States in and to the following-described lands located in the county of Klamath, State of Oregon: A strip of land 400 feet wide on the left bank of the Klamath River in the northwest quarter southeast quarter and in lots 8, 9, 10, 11, 12, and 13 of section 36, township 39 south, range 7 east, Willamette meridian,

the southerly and easterly boundary of which is described as follows: Beginning at a point in the east line of section 36, township 39 south, range 7 east, Willamette meridian, distant one thousand three hundred and thirty-seven and three-tenths feet from the southeast corner of said section 36 and designated as station 0.0 of this survey; thence north fifty-seven degrees thirty minutes west, two hundred and sixty-three feet to station 2/63; thence curving ten degrees right, on a ten-degree curve, one hundred feet to station 3/63; thence north forty-seven degrees thirty minutes, four hundred and eighty-three and five-tenths feet to station 8/46.5; thence curving nine degrees right, on a nine-degree curve, one hundred feet to station 9/46.5; thence north thirty-eight degrees thirty minutes west, six hundred and thirty-seven and three-tenths feet to station 15/83.8; thence curving ten degrees left, on a ten-degree curve, one hundred feet to station 16/83.8; thence north forty-eight degrees thirty minutes west, five hundred and twenty-two feet to station 22/05.8; thence curving thirty-three degrees left, on a ten-degree curve, three hundred and thirty feet to station 25/35.8; thence north eighty-one degrees thirty minutes west, two hundred and thirty-seven and ninety-five one-hundredths feet to station 27/73.75; thence curving thirty degrees right, on a ten-degree curve, three hundred feet to station 30/73.75; thence north fifty-one degrees thirty minutes west, six hundred and sixty-five and ninety-five one-hundredths feet to station 37/39.7; thence curving ten degrees left, on a ten-degree curve, one hundred feet to station 38/39.7; thence north sixty-one degrees thirty minutes west, seventy-nine and one-tenth feet to station 39/15.8; thence curving thirty-four degrees left, on a ten-degree curve, three hundred and forty feet to station 42/58.8; thence south eighty-four degrees thirty minutes west, thirty-nine and forty-two one-hundredths feet to station 42/98.22; thence curving left ninety-one degrees, on a twenty-five-degree curve, three hundred and sixty-four feet to station 46/66.22; thence south six degrees thirty minutes east, six hundred and fourteen feet to station 52/81.2; thence curving left two degrees thirty minutes, on a ten-degree curve, twenty-five feet to station 53/06.2; thence south nine degrees east, one thousand six hundred and twenty-six feet to station 69/32.9; thence curving right seventy degrees, on a ten-degree curve, seven hundred feet to station 76/32.9; thence south sixty-two degrees west, one thousand three hundred and seventy-seven and five one-hundredths feet, more or less, to the south line of section 36, intersecting the said south line of section 36 at a point distant about five hundred and forty feet from the southwest corner section 36.

Such conveyance for the above described land shall also include, for a perpetual right of ingress and egress thereto, a strip of land sixty feet wide along the eastern boundary of section 36, and extending from the south line of section 36 to the land above described, as described in a deed recorded in the office of the county clerk of Klamath County, Oregon, in volume 27 at page 294.

Sec. 2. Such sale and conveyance shall be completed upon the payment by the said Klamath Irrigation District to the United States of an amount equal to the book value of such lands, as such value appears on the records of the Bureau of Reclamation, Department of the Interior, as of the date of the approval of this act. The proceeds from such sale shall be paid into the reclamation fund.

With the following committee amendment:

On page 1, line 4, strike out the words "sell and convey" and insert in lieu thereof "enter into a contract to sell and quitclaim."

The committee amendment was rejected.

Mr. STAFFORD. Mr. Speaker, I offer an amendment:

Page 1, line 5, strike out "six months" and insert "two years."

The SPEAKER pro tempore. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: On page 1, line 5, strike out the words "six months" and insert in lieu thereof the words "two years."

The amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer another amendment.

The SPEAKER pro tempore. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: On page 1, in line 6, after the word "corporation," insert "for a reasonable price after an appraisal of the value of said land and easement has been made."

The amendment was agreed to.

Also the following further committee amendments:

On page 3, line 16, after the word "fourteen," insert "and ninety-eight one-hundredths."

In line 20, after the word "twenty-six," insert "and seven-tenths."

The amendments were agreed to.

The Clerk reported the next committee amendment, as follows:

On page 4, after line 2, strike out all down to and including line 16 and insert:

Such conveyance shall also include a quitclaim of an easement for a perpetual right of ingress and egress from the above-described strip of land over a tract of land 60 feet wide along the eastern boundary of said section 36 and extending from the south line of said section 36 to the strip of land first above described. Said two tracts of land are described in a deed recorded in the office of the county clerk of Klamath County, Oreg., in volume 27 of deeds beginning at page 294.

Sec. 2. Such conveyance shall be executed by or on behalf of the Secretary upon the payment within said period of six months by the said Klamath Irrigation District of the United States of an amount equal to the book value of such lands as such value appears on the records of the Bureau of Reclamation, Department of the Interior, as of the date of such contract. The proceeds of such sale shall be paid into the reclamation fund.

Mr. STAFFORD. Mr. Speaker, I offer an amendment to the committee amendment.

The SPEAKER pro tempore. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Beginning on page 5, line 1, after the figure "2," strike out the remainder of line 1 and all of lines 2, 3, 4, 5, 6, and down to and including the word "contract" in line 7.

Mr. BUTLER. Mr. Speaker, I arise to oppose that amendment.

Mr. STAFFORD. The committee amendment which I am seeking to amend, by having the conveyance made upon the payment of the book value of the land, is absolutely inconsistent with the amendment that has heretofore been adopted and agreed to by the gentleman, that it shall be transferred upon a reasonable value after an appraisal.

I am surprised that the gentleman is opposing this amendment, because it is in harmony with the amendment he agreed to accept to have the property transferred upon payment of a reasonable value after an appraisal.

Mr. BUTLER. I think the gentleman misapprehends my concession in regard to the first amendment he offered and I believe, with all deference to the gentleman, that he misapprehends the entire theory of the bill. This land is entirely within the control and under the supervision of the Secretary of the Interior, who has charge of all of the reclamation projects throughout the country. The gentleman by this motion would seek to divest the Secretary of the Interior of the power to settle with the purchasers of that land and naturally I would not want somebody else placed in charge of that business.

Mr. STAFFORD. Section 1, already adopted, provides:

That the Secretary of the Interior is authorized and directed to sell and convey—

To whom? To the Klamath Irrigation District. At what price? For a reasonable price after an appraisal has been made. The amendment which was adopted was not in harmony with the original idea that the Klamath Irrigation Co. should only pay the book value of the land. The amendment which has been agreed to by the gentleman was that the Klamath irrigation district should pay the reasonable value after an appraisal.

Mr. BUTLER. If the gentleman will pardon me, let me make a suggestion.

The first section of the bill authorizes the Secretary of the Interior to enter into a contract to sell and quitclaim, and the gentleman's subsequent amendment provides that the Secretary of the Interior shall sell and convey within two years. Now, if the gentleman can prepare language to cover that, it will be entirely satisfactory; but by striking out the introductory clause the gentleman is simply ousting the Secretary of the Interior of entire jurisdiction over the matter.

The SPEAKER pro tempore. The question is on the amendment of the gentleman from Wisconsin [Mr. STAFFORD] to the committee amendment.

The amendment to the committee amendment was rejected.

Mr. STAFFORD. Mr. Speaker, I move to strike out the last word.

I am very sorry the House has voted down the amendment. The bill as reported from the Committee on the Public Lands was predicated upon the idea that this Klamath Irrigation District should only pay the book value.

Mr. SMITH of Idaho. Mr. Speaker, may I have the attention of the gentleman from Wisconsin?

Mr. STAFFORD. Yes; certainly.

Mr. SMITH of Idaho. I think, in view of the amendments already adopted, if the gentleman limits his present amendment to striking out all after the words "United States," in line 4, down to the word "contract," in line 7, it will meet with the approval of the gentleman from Oregon [Mr. BUTLER].

Mr. STAFFORD. What is the proposal of the gentleman?

Mr. SMITH of Idaho. After the words "United States" strike out all the balance of line 4, and all of lines 5 and 6, and the word "contract" in line 7. This will accomplish what the gentleman wishes to accomplish and I am sure will be satisfactory to the gentleman from Oregon.

Mr. STAFFORD. As the bill now stands in section 1, does the gentleman think there is any question but that the Secretary of the Interior is directed to sell and convey this land within two years to the Klamath Irrigation District?

Mr. SMITH of Idaho. Not at all.

Mr. STAFFORD. Then what is the need of this language in section 2?

Mr. SMITH of Idaho. It is directory to the Secretary of the Interior.

Mr. STAFFORD. What could be more directory than the language of section 1, that the Secretary is directed to sell and convey within two years? I made it two years so that there could be no unfair advantage taken of the Klamath Irrigation District after the Secretary had opportunity to make the appraisal.

Mr. SMITH of Idaho. Section 1 authorizes him to enter into a contract.

Mr. STAFFORD. That has been stricken out. The House adopted the language as originally carried and the Secretary of the Interior is authorized and directed to sell and convey within two years after the date of the approval of this act. We have adopted one course and now the gentleman wishes to continue in the proposed law something that is absolutely inconsistent.

Mr. BLANTON. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. BLANTON. May I call the gentleman's attention and that of the House to this matter? It has been the universal practice on consent days, where a Member indicates that unless an amendment is adopted he will object to the bill, and under such an understanding permits the objection stage to pass, the amendment proposed by the gentleman is always approved. It is very necessary that this confidence be retained.

Mr. BUTLER. Mr. Speaker, I ask unanimous consent to vacate the proceedings by which the amendment to the committee amendment was rejected.

The SPEAKER pro tempore (Mr. HALE). Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. COLTON. Will the gentleman now state how the bill will read with the amendment?

The SPEAKER pro tempore. Without objection, the Clerk will again report the amendment offered by the gentleman from Wisconsin [Mr. STAFFORD] to the committee amendment.

The Stafford amendment to the committee amendment was again reported.

Mr. STAFFORD. Then section 1 as the House has already adopted the language will read as follows:

That the Secretary of the Interior is authorized and directed to sell and convey within two years after the date of the approval of this act, to the Klamath Irrigation District, an Oregon corporation, for a reasonable price after an appraisal of the value of said land and easement has been made, all right, title, and interest—

And so forth.

Nothing could be more definite than that. It is directory.

Mr. HASTINGS. Let me suggest to the gentleman from Wisconsin that when he puts in the words "reasonable price" they are meaningless.

Mr. STAFFORD. It is better than to use the words "book value."

The amendment to the committee was agreed to.

The committee amendment, as amended, was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

GEORGE DEWEY HILDING

The Clerk read the next bill on the Private Calendar, H. R. 3022, to provide for the advancement on the retired list of the Navy of George Dewey Hilding.

Mr. COLLINS. Mr. Speaker, I object.

WALTER E. SWITZER

The Clerk read the next bill on the Private Calendar, H. R. 2469, for the relief of Walter E. Switzer.

Mr. STAFFORD. I object.

Mr. RICH. Will the gentleman reserve his objection?

Mr. STAFFORD. Yes.

Mr. RICH. This bill for the relief of Walter E. Switzer is a very meritorious bill. It was presented to Congress by my predecessor, the late Congressman Kiess. Mr. Switzer was a member of the Williamsport, Pa., police force. He was sent to the western part of the State to investigate a murder. He started away from the city in pursuit of his duty. He was traveling west, and when about 2 miles to the other end of the city he was encountered in about the central part of the city by a United States mail truck that was traveling eastward. He was on the road west trying to make time in the public performance of his duty.

Mr. STAFFORD. The mail truck was only traveling 10 miles an hour, and the officer, so the report says, was traveling 50 or 60 miles an hour.

Mr. RICH. The statement made by various people differed; some said he was traveling 30 miles and 35 and some 40. That is in the report.

Mr. STAFFORD. How fast was the truck driven by the man in the Postal Service traveling?

Mr. RICH. They say in the report that he was traveling 20 to 30 miles an hour.

Mr. STAFFORD. The report says he was traveling 10 miles an hour.

Mr. RICH. In a case like this where the officer was traveling to get at the point where the murder was committed it would be natural that he would be traveling fast—at a high rate of speed. There is one street in this section which goes to the right of the main street. The distance between one intersection and the other was the length of four or five city blocks. The truck was approaching toward him and there are affidavits made in the report that the truck did not show any light. There are other affidavits that the lights were very dim.

Mr. STAFFORD. The report shows that the collision occurred under an arc light. There was no fault on the part of the driver of the postal truck. But this officer was driving at a tremendously high speed.

Mr. RICH. The report states that the truck disobeyed the traffic rules in turning into the intersection. This is a through street and the truck was approaching. If the truck had carried lights, does the gentleman think that the policeman would have deliberately run into the truck?

Mr. STAFFORD. He was going 50 or 60 miles an hour and he could not help it.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. RICH. Yes.

Mr. SCHAFER of Wisconsin. Are we to infer from the gentleman's statement that a policeman in the city of Philadelphia or any city has a right to drive 60 miles an hour through the city simply because he is going to a place where a murder has been reported committed?

Mr. RICH. If the gentleman will turn to page 4, he will see the three different affidavits. One says he was going 25 miles an hour, another 30 miles an hour, and another 50 miles an hour.

Mr. SCHAFER of Wisconsin. Is the gentleman sure that the policeman was not after a carload of whisky? [Laughter.]

Mr. STAFFORD. Mr. Chairman, I object.

WIDOWS OF CERTAIN FOREIGN SERVICE OFFICERS

The Clerk called the next bill, H. R. 11113, for the relief of the widows and wife of certain Foreign Service officers.

Mr. STAFFORD. I object.

Mr. TEMPLE. Mr. Speaker, will the gentleman reserve his objection?

Mr. STAFFORD. Oh, this is on a par with all of these cases, granting an honorarium of a year's pay.

Mr. TEMPLE. It is on a par with all of the cases that have been passed. The gentleman is right.

Mr. STAFFORD. Before we had the Rogers Retirement Act, which placed Foreign Service officers on retired pay.

Mr. TEMPLE. Yes; and since the passage.

Mr. STAFFORD. Oh, no; not since, except in only two cases.

Mr. TEMPLE. Well, that is since.

Mr. STAFFORD. One in an appropriation bill, and they are attempting in some of these cases to pay a year's salary to a widow who is wealthy. I object.

CHARLES J. NAUDASCHER

The Clerk called the next bill, H. R. 5295, for the relief of Charles J. Naudascher.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the pension laws Charles J. Naudascher shall hereafter be held and considered to have been honorably discharged from the military service in Company E, First Regiment United States Infantry: *Provided,* That no back pay, bounty, pension, or allowance shall be held to have accrued prior to the passage of this act.

With the following committee amendment.

Line 6, after the word "infantry" insert "on the 11th day of October, 1928."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

HOMER J. WILLIAMSON

The Clerk called the next bill, H. R. 886, for the relief of Homer J. Williamson.

Mr. STAFFORD. Mr. Speaker, I object.

Mr. LUDLOW. Mr. Speaker, will the gentleman withhold his objection?

Mr. STAFFORD. Yes.

Mr. LUDLOW. Mr. Speaker, if there ever was a worthy bill I am sure that this is. This is the case of a small manufacturer in Indianapolis, Ind., who in March, 1919, went to the Federal Building at Indianapolis to get advice as to how to make out an income-tax return for the calendar year 1918. He secured the advice from the deputy collector of internal revenue. He presented his data to the deputy collector and the deputy collector made out the return. A little over five years after the statute of limitations had run, the internal revenue agent advised the taxpayer that a mistake had been made against him by the deputy revenue collector, through which he had overpaid \$1,045.81. This is a bill to pay back to the taxpayer the amount he never should have paid and which he would not have paid if it had not been that the agent of the Government made such an error.

Mr. STAFFORD. Mr. Speaker, I know of any number of cases where mistakes have been made in returns on income taxes. I direct the attention of the gentleman from Indiana [Mr. LUDLOW] to the testimony of his own claimant in an affidavit made on September 25 last, in which he says:

That he took his trial balance from his ledger and went to the Federal Building, where a young deputy collector was assigned to him; that the deputy collector took his figures, as shown on the trial balance, and placed them on the blank tax return without any particular comment except that it was a pretty large income for so young a man, and that no questions pertinent to the earnings were asked of this affiant.

I had a case turned down two weeks ago by the department where a taxpayer had employed an accountant who had not performed his work properly, and where he is out more than \$30,000. We can not recognize these cases.

Mr. LUDLOW. Mr. Speaker, the CONGRESSIONAL RECORD of December 16, 1930, contains a list of tax refunds in large amounts to individuals and corporations which total more than \$3,000,000,000.

Mr. STAFFORD. Oh, yes; but they were all within the law, the claimants presented their claims in due season.

Mr. LUDLOW. I am not a socialist, and I never expect to be one, but I can see right here the causes that make for socialism when the Congress, on claims of equal merit, takes the part of the big fellow and makes the little fellow pay.

Mr. STAFFORD. Oh, I object to such demagogic talk. I object.

Mr. LUDLOW. It is not demagoguery. It is the truth—the plain, unvarnished, unadulterated truth.

GUY GOODIN

The Clerk called the next bill, H. R. 5982, for the relief of Guy Goodin.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Guy Goodin, late of the construction division, Quartermaster Corps, the sum of \$484.50 as per diem allowance from September 26, 1919, to June 9, 1920, while on duty at McAllen, Tex., in the service of the United States.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JAMES H. CONLIN

The Clerk called the next bill, H. R. 6088, for the relief of James H. Conlin.

Mr. BLANTON. Mr. Speaker, I reserve the right to object. This bill involves \$132,578, and should not be passed by unanimous consent. I object.

MARY A. COX

The Clerk called the next bill, H. R. 575, for the relief of Mary A. Cox.

Mr. STAFFORD. Mr. Speaker, I object.

SOUTHERN RAILWAY CO.

The Clerk called the next bill, H. R. 6080, for the relief of the Southern Railway Co.

Mr. BLANTON. Mr. Speaker, this bill involves \$29,367, and should not be passed under unanimous consent. I object.

Mr. VINSON of Georgia. I trust the gentleman will not interpose any objection to this bill.

Mr. BLANTON. I will reserve the right to object if the gentleman wishes to defend it.

Mr. VINSON of Georgia. I think I can convince the gentleman from Texas from the record in this case that it is a legitimate claim that should be paid by the enactment of this measure. Permit me to call the gentleman's attention to the facts in this case. At the very outset of the war the War Department was anxious to obtain what is called a flare. It is a device that was to be dropped from an airplane to illuminate the ground.

Mr. BLANTON. Will the gentleman yield right there?

Mr. VINSON of Georgia. I yield.

Mr. BLANTON. In connection with that statement, I wish the gentleman would tell the membership just how much benefit and how much money the Southern Railway Co. received from the United States Government during the war and because of the war?

Mr. VINSON of Georgia. I assume it received every dollar it was entitled to and not one dollar it was not entitled to. That has nothing in the world to do with this case. If the Southern Railway or any other railway robbed the Government during the war, then it was the duty to prosecute them. That is foreign to this matter.

Of course, I recognize the fact that any one man can object to a meritorious bill. He can interpose any kind of an objection; but if the gentleman wants to be fair and debate this question, I request that he give me an opportunity to set him right, and I can convince him of the wisdom of the contention of the Southern Railway in this matter.

Mr. BLANTON. If the gentleman were trying a case of this magnitude down in the courts of Georgia, he would want more than five minutes to debate it before a judge and jury. That is about all that is allowed here. The gentleman would want about five hours. We do not have time to debate a bill here under unanimous consent involving \$27,000.

Mr. VINSON of Georgia. If the gentleman will read the report of the Comptroller General, let me call attention to that report. I am willing that this matter be left to the discretion of the Comptroller General.

Mr. BLANTON. I desire to state to the gentleman from Georgia that his Committee on Naval Affairs brings in so many bills involving so many millions of dollars that I can not agree to, and which I must fight hard to stop, that I am going to turn this matter over to the gentleman from Wisconsin [Mr. STAFFORD] and the gentleman from West Virginia [Mr. BACHMANN] and see if they let this \$27,000 go through.

Mr. VINSON of Georgia. I think the gentleman is correct, because he is leaving it to a man who knows something about it. The gentleman from Wisconsin [Mr. STAFFORD] has studied this bill.

Mr. STAFFORD. And I object.

Mr. VINSON of Georgia. I trust the gentleman will withhold his objection.

Mr. STAFFORD. I certainly will, after the high compliment which the gentleman has paid me.

Mr. VINSON of Georgia. This matter was before the House some time ago. The gentleman from Wisconsin did me the courtesy of making a careful investigation of the matter. I trust, however, that he investigated this bill on some other day than on Sunday, because all of the bills he has objected to he said he investigated on Sunday.

Mr. STAFFORD. I never abuse the privilege of the House by deceiving any Member. I examined this bill one week ago Sunday. I examined it again night before last. I entertain the same opinion now that I did originally.

Mr. VINSON of Georgia. Then I am satisfied the gentleman would have a different viewpoint if he would examine it on a day other than Sunday. May I call the gentleman's attention to the Comptroller General's report? What are the facts in this case? The Government ordered certain flares during the war. They were sent to the arsenal at Augusta, Ga. Then from Augusta they were sent down to the Ordnance Department at Charleston. They were carried to the station depot in the city of Augusta. An explosion occurred. Seventeen or eighteen box cars were destroyed; the entire station was destroyed; some seven or eight people were killed. The Government filed a claim with the War Department. The War Department unanimously recommended that that claim should be paid. It went to the accountant's office, and the accountant rejected it, on what ground?

Mr. STAFFORD. Will the gentleman permit?

Mr. VINSON of Georgia. I yield.

Mr. STAFFORD. The gentleman says the War Department recommended this bill. Allow me to read from the letter of the Secretary of War, Mr. Weeks, of date January 28, 1922, in which he uses this language:

Furthermore, the evidence indicates that the accident was due to negligence (of the employees of claimant) caused by rough handling in loading the shipment on cars, rather than any inherent defect in the explosives themselves or the alleged improper description of the shipment on Government bill of lading, and consequently no liability rests upon the United States on account of the damage caused by the explosion.

Mr. VINSON of Georgia. Now, if the gentleman will read the last paragraph of the Secretary's letter.

Mr. STAFFORD (reading):

From a consideration of the foregoing and the exhibits herewith, it is apparent that the accounting officers of the Treasury

have arrived at the conclusion that the happenings in connection with this explosion must be considered as a character in which the liability of the Government, if any, and such relief as it may be proper to grant, are for the direct consideration of Congress. This being the case, there is really nothing left for the War Department to do in this case but to advise Congress what happened as disclosed by the records, and leave it solely to the discretion of Congress as to any adjustment or judgment that may be rendered as a result thereof.

The Secretary of War let it down easily.

Mr. VINSON of Georgia. The Secretary of War said it was a matter for the consideration of Congress, but when this matter was referred to the War Claims Board it unanimously recommended, after investigation, that this claim be paid.

Let us see what the comptroller said. The comptroller said this:

The character of the happening is such as to class it as a disaster or catastrophe.

The happening must be considered as of a character in which the liability of the Government, if any, and such relief as it may be proper to grant, are for the direct consideration of Congress.

The War Department did not hold adversely and the Secretary was not adverse to it. The Secretary said it was a matter for the consideration of Congress because it was a catastrophe, a disaster. Here was the War Department shipping, without proper labels, great quantities of high explosives. It placed them at the depot of the Southern Railroad Co. and an explosion took place which destroyed its property. They credited the Government with the amount of the insurance and they settled all these claims. I say it is a fair and equitable claim and the Secretary of War said it was a matter for the consideration of Congress.

Mr. STAFFORD. Mr. Speaker, I object.

D. EMMETT HAMILTON

The Clerk called the next bill, H. R. 9168, for the relief of D. Emmett Hamilton.

Mr. STAFFORD. Mr. Speaker, I object.

Mrs. LANGLEY. May I ask the gentleman to withhold his objection?

Mr. STAFFORD. I will be glad to withhold it, at the request of the lady from Kentucky.

Mrs. LANGLEY. I will say to my colleague from Wisconsin that this is a very meritorious claim. A mail carrier up in the mountains of Kentucky bid on this contract. Afterward it was increased from the volume of 35 pounds to 196 pounds. He attempted to have the contract annulled, but was unable to have that done. In the meanwhile, a great boom developed in this mining section, a railroad was built, additional offices were added, all of which increased the volume of mail he was forced to carry, as well as additional mileage. He felt he had to carry out his contract with the Government.

Mr. STAFFORD. All contracts for star-route service are for a period of four years. A contractor undertakes the work with the idea of a certain amount being increased or a certain amount being decreased. If we should recognize this bill, we would have hundreds; yes, thousands, of star-route carriers begging at the doors of Congress for relief.

Mrs. LANGLEY. And yet this is a case where a citizen of this great country of ours has had to suffer heavy financial loss and much inconvenience by reason of his contract. The Claims Committee is a court of equity striving to adjudicate and relieve in such instances where it is conclusively shown the claimant has suffered unjustly, which is as it should be. Every claim should be settled entirely upon the merit of a claim, and not because it would establish a precedent.

Mr. STAFFORD. When the Parcel Post Service was inaugurated the star-route carriers were obliged to carry that additional character of merchandise and they received no additional pay for it. I object.

Mrs. LANGLEY. But this was such an unreasonable increase, may I say to the gentleman.

Mr. IRWIN. I would like to state this: That when this man made his bid on this star route this mine had not been established. It was established afterwards, and nobody knew

at that time that this mine was going to be sunk at that place. Of course, when the mine was sunk there were many miners living there, and that naturally increased the volume of the mail. As the lady from Kentucky said, the volume of the mail increased from 35 pounds to 196 pounds per day. Because of that it became necessary for him to buy a horse and wagon. Before that he could get along on horseback, but it became necessary for him to buy a horse and wagon, and it became necessary for him to fix the roads so he could get along there. I certainly think this bill is outside of the ordinary bill.

Mr. STAFFORD. There are hundreds of such cases. When the Government undertook the carriage of parcel-post mail additional burdens were placed on the star-route carriers, and if we should allow this case to go through there would be very many of them.

Mr. EATON of Colorado. Does not the gentleman remember that it was the 1st of July, 1918, that the Government recognized that situation, and a statute was passed under which a number of these claims were settled. I asked the gentlewoman from Kentucky as to the date of this claim and she informed me it was prior to 1918. If it had come at that time, there would have been a settlement made.

Mr. STAFFORD. For the time being, I object.

Mr. SLOAN. Mr. Speaker, noting the objection having been made, and there probably being some little delicacy about withdrawing it, I desire to submit a unanimous-consent request that will remove the objection. I ask the unanimous consent of the House that the objection of the gentleman from Wisconsin be withdrawn.

Mr. STAFFORD. Mr. Speaker, I demand the regular order.

Mr. SLOAN. Mr. Speaker, is not this a proper request to make?

Mr. STAFFORD. It is not a proper request on the part of a retiring Member.

Mr. SLOAN. I may be a retiring Member, but not a tiring one.

The SPEAKER pro tempore. The regular order is demanded. The Clerk will report the next bill.

META DE RENE M'LOSKEY

The Clerk called the next bill, H. R. 9921, for the relief of Meta De Rene McLoskey.

Mr. STAFFORD. Mr. Speaker, I object.

Mr. LUDLOW. Will the gentleman withhold his objection?

Mr. STAFFORD. I will withhold it.

Mr. LUDLOW. Will the gentleman state the ground of his objection?

Mr. STAFFORD. It appears that the soldier disappeared after being in the hospital for five days and that he is virtually a deserter.

Mr. LUDLOW. I do not see where the gentleman finds anything of that kind.

Mr. BACHMANN. He has never been declared a deserter. He has been legally declared dead and two insurance companies in which he had policies paid their policies, and the money was in the Treasury to pay these premiums if this man had not disappeared.

Mr. HOOPER. Will the gentleman yield to me for a suggestion?

Mr. STAFFORD. I yield.

Mr. HOOPER. I would like to suggest to the gentleman from Wisconsin, if my friend from Indiana will not think I am intruding—

Mr. LUDLOW. I will be glad to have the gentleman make any suggestion he desires.

Mr. HOOPER. I was not present at the time this bill was passed, but I have examined the matter quite carefully. It occurs to me that any court in the United States which had the matter brought before it in a proper way would hold, under the particular circumstances here, that there was a presumption at this time of the death of this soldier, under ordinary and regular circumstances.

In other words, the presumption would have been entirely in favor of the soldier's death rather than of the soldier's desertion.

Mr. LUDLOW. Would there not have been a legal presumption of death in every State of the Union?

Mr. HOOPER. I think that would be true in every State of the Union.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. SCHAFER of Wisconsin. If you are going to pass this bill, do you think it is fair to direct the Director of the United States Veterans' Bureau to pay this \$10,000 out of the insurance fund when you realize that you are taking the money out of a fund in which thousands and thousands of veterans have an interest with respect to the dividends they receive? If you are going to milk the insurance fund to the disadvantage of veterans who carry insurance for the benefit of a man whom you do not know to be dead or a deserter, I believe we are establishing a very bad precedent. I am going to object to the bill, and there is no use taking up any more time talking about it.

Mr. LUDLOW. May I submit the observation that there was enough money due this man to have carried his insurance in full force and effect long after he disappeared?

Mr. STAFFORD. According to the facts shown by the report of the director to the Committee on War Claims, this soldier, a private, was a member of an organization that sailed for duty overseas on May 10, 1918, but he did not accompany his organization, and there appears to be no record of the soldier after he was discharged from the base hospital, "nor is he recorded as ever having served as a member of the expeditionary forces. His present status in the War Department is that of a deserter since May 7, 1918."

Mr. LUDLOW. May I correct the gentleman there?

Mr. STAFFORD. Now, here is a soldier who disappears, and because he disappears and has not been heard of since, you want to pay out \$10,000 when he disappeared just at the beginning of the war. How can we justify such a policy?

Mr. LUDLOW. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. LUDLOW. According to the information on page 2 of the report, the status of this soldier in the War Department is not that of a deserter, but he is borne on the records there as "missing since May 7, 1918, and not as missing in action."

Mr. STAFFORD. No; not missing in action, but a deserter.

Mr. SCHAFER of Wisconsin. Will the gentleman stand on the floor of the House and advocate a general bill to take care of every deserter who now has a private claim before the Military Affairs Committee or the Naval Affairs Committee, and every other member of those establishments who have been absent over six years?

Mr. LUDLOW. I certainly would not advocate the passage of such a bill for any deserter, but there is nothing in this record show that this man was a deserter.

Mr. HOOPER. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. HOOPER. What the gentleman from Wisconsin [Mr. SCHAFER] suggests is utterly impracticable, of course, because in thousands and thousands of cases there is no accumulated evidence or no evidence which would be obtainable as to the facts. In this case, it is stated by the director himself, on page 3, in his letter to Mr. Strong:

It is believed from the above report that the committee will be able to judge for itself as to the merits of the bill and the propriety of its passage.

In other words, Mr. Hines is not holding out against the claim. Mr. Hines thinks it is a proper matter, under the facts, to be brought to the attention of the Congress.

Mr. STAFFORD and Mr. SCHAFER of Wisconsin objected.

W. R. McLEOD

The Clerk called the next bill, H. R. 7207, for the relief of W. R. McLeod.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$374.02, and when appropriated the Treasurer of the United States is hereby authorized and directed to pay same to W. R. McLeod, postmaster at Apopka, Fla., to reimburse him in the amount of postal funds stolen from the post office by burglars.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

NATIONAL WAR LABOR BOARD

The Clerk called the next bill, H. R. 7874, to provide for the carrying out of the award of the National War Labor Board of April 11, 1919, and the decision of the Secretary of War of date November 30, 1920, in favor of certain employees of the Minneapolis Steel & Machinery Co., Minneapolis, Minn.; of the St. Paul Foundry Co., St. Paul, Minn.; of the American Hoist & Derrick Co., St. Paul, Minn.; and of the Twin City Forge & Foundry Co., Stillwater, Minn.

Mr. UNDERHILL. I object, Mr. Speaker.

Mr. ANDRESEN. Will the gentleman reserve his objection?

Mr. UNDERHILL. I reserve the objection in order that the gentleman may make a statement.

Mr. ANDRESEN. I have made several statements on this matter, and I will say to the gentleman, the former chairman of the Claims Committee, and I think the gentleman understands the bill. Would the gentleman have any objection to having the bill brought up for a vote in the House this afternoon to decide it upon its merits?

Mr. UNDERHILL. Oh, yes; I certainly would.

Mr. Speaker, in order that the facts may be presented for the RECORD, I would like to reply to the gentleman. This bill was before the Committee on Claims at a previous session. It had very, very careful consideration.

I spent several weeks in digging into the files and records of the department. We reported adversely. At this session of Congress it is referred to the Committee on War Claims.

This bill has been before Congress for several different sessions—every session since I have been a Member except when Mr. Good was Secretary of War. It was not introduced in that year because Mr. Good was one of the attorneys in the case and he knew the facts.

The fact is that this was referred to the War Labor Board one week before the armistice. The War Labor Board visited Minneapolis and ordered the employers to increase the wages of the employees who were then making \$12 to \$16 a day. The firm refused to make these additional payments and challenged the War Labor Board to prosecute them. They did not do so, but came back to Washington and appointed a court—the War Labor Board appointed a court of civilians to hear the case. That court heard the case and rendered a decision in April, four months after the armistice, four months after the necessity for production of war material had ceased.

Mr. ANDRESEN. Will the gentleman yield?

Mr. UNDERHILL. Yes.

Mr. ANDRESEN. They were still making ammunition up there at the time the complaint was made and the War Labor Board took jurisdiction?

Mr. UNDERHILL. They were making ammunition, war supplies for the Government, farm wagons and other articles for private firms. A man might work on a machine one hour under Government contract and the next hour or two work on a private contract. A man might work on a Government contract one day and the next day on a private contract. The fact of the matter is that two Secretaries of War have reported against this legislation; that the organization of these men or the attorney representing these men, after the employers refused absolutely and challenged the Government to make them pay the advance, they tried to get a recompense under the Dent Act and were thrown out of court. They now come to Congress and try to get a million or more dollars.

Mr. MAAS. If the gentleman will allow me, several years ago the Bethlehem Steel Co. case was up and objected to,

and finally the objection was withdrawn with the understanding that the same consideration would be given to this bill.

Mr. UNDERHILL. The gentleman never made a compromise of that kind in his life. The Bethlehem Steel case was entirely different. Chief Justice Taft was requested to appear before our committee and did so and gave us the facts of the Bethlehem Steel employees' case. I do not know whether it would be accepted in a court of law, but I know Members here have some confidence in my statements. I asked Judge Taft at that time if this case was similar in character to the Bethlehem Steel case, and he said it was not similar in character to the Bethlehem Steel case. I asked him if he would indorse this case, and he said he would not be embarrassed, because he had not served on the court which made the award by a vote of 5 to 4.

Mr. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. UNDERHILL. Yes.

Mr. ANDRESEN. The gentleman recalls that Chief Justice Taft was up before the gentleman's committee in support of this bill.

Mr. UNDERHILL. Never.

Mr. ANDRESEN. Then, if the gentleman still feels that way about it, I suggest that his investigation of the bill has not been in very good detail, because Chief Justice Taft was there before the committee and testified in the gentleman's presence, and testified in behalf of the bill and said that the men should be paid.

Mr. MAAS. The records will show that.

Mr. UNDERHILL. I was chairman of the committee, and the ranking member of the committee is on the other side of the House at the present time. We heard the testimony in the Bethlehem Steel case which is the only case, I reiterate, in which Chief Justice Taft showed any interest or testified in any way, shape, or manner. I leave that to the gentleman from Texas.

Mr. ANDRESEN. Then the gentleman's memory is not very good.

Mr. BOX. Mr. Speaker, my recollection is that Chief Justice Taft was a member of the War Labor Board, that he did appear before our committee, probably at our invitation, to testify about the Bethlehem case. I do not remember the details about this other group of cases which I understand are involved now, but my recollection is that he was asked something about it, and gave some such indication as the gentleman from Massachusetts now gives about these cases.

Mr. UNDERHILL. Mr. Speaker, the whole record is in the War Department, is in the old records of the War Labor Board, and anyone who has the patience and the time can investigate and find out for himself. This was a holdup of these companies during the war, when everybody was striving and struggling to win the war. There was threat of a strike in order to secure more than \$12 to \$16 a day pay, when my boy was over in France working for \$30 a month in the blood and mud of Flanders for 24 hours a day.

Mr. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. UNDERHILL. Yes.

Mr. ANDRESEN. The gentleman is confusing this case with the Bethlehem Steel case, for the reason that the employees of the Bethlehem Steel Co. threatened to strike unless they got higher wages.

The gentleman from Massachusetts is mistaken in regard to this bill. When the bill came up before his committee the gentleman appointed a subcommittee. Hearings were held, and Chief Justice Taft appeared before the whole committee and concurred in the decision of the War Labor Board, of which he was a member. He stated to the Claims Committee that the award was correct and that the men engaged in the various plants in Minnesota should be paid according to the decision of the board, which was approved by the then Secretary of War.

The Claims Committee of the House took no action on the bill. During the Seventy-first Congress the bill was reintroduced and referred to the War Claims Committee for

consideration. Full and complete hearings were held, and I quote from the unanimous report of the committee:

The Committee on War Claims, to whom was referred the bill (H. R. 7874) entitled "A bill to provide for the carrying out of the award of the National War Labor Board of April 11, 1919, and the decision of the Secretary of War of date November 30, 1920, in favor of certain employees of the Minneapolis Steel & Machinery Co., Minneapolis, Minn.; of the St. Paul Foundry Co., St. Paul, Minn.; of the American Hoist & Derrick Co., St. Paul, Minn.; and of the Twin City Forge & Foundry Co., Stillwater, Minn.," having considered the same, report thereon with a recommendation that it do pass with the following amendments:

In line 4 strike out the words "(or their legal representatives)" and insert in lieu thereof the words "or their heirs, administrators, or executors."

On page 3 strike out all after the period in line 14 to line 19, inclusive.

The purpose of this bill is to authorize the Secretary of War to pay and discharge the claims of certain employees of certain companies in and around Minneapolis for additional compensation for work performed in the execution of contracts made by such companies and the United States for the manufacture of war materials for the use of the War Department or the military forces of the United States.

During the World War employees of the various companies mentioned in the bill were engaged in the manufacture of munitions, etc. All of the companies mentioned either had direct contracts with the Government or were subcontractors to those directly contracting with the Government. Labor troubles were cropping up all over the country, and the President created the National War Labor Board and appointed the late William Howard Taft its chairman. The purpose of this board was to adjust disputes between employees and contractors having contracts with the Government.

A situation arose with the employees of the Bethlehem Steel Co. under conditions very similar to those conditions confronting the companies mentioned in this bill. In the case of the Bethlehem Steel Co. the National War Labor Board made an adjustment which was carried out by the Government.

In the cases of the companies mentioned in this bill the War Labor Board met the employees and made an agreement with them to the effect that if the employees did continue at work the Government would adjust their pay to conform with wages in the vicinity for similar work. This bill is to carry out that agreement.

The then Secretary of War, Newton D. Baker, in a report dated November 30, 1920, which is appended hereto and made a part of this report, in very emphatic language recommended that the award of the National War Labor Board be carried out. Auditors were put to work, but before their tasks were completed a change of administration occurred, and Mr. Baker's report was overruled by Mr. Weeks.

The present Secretary of War in a letter to the chairman Committee on War Claims, under date of February 10, 1930, which is appended hereto and made a part of this report, upholds the recommendation of former Secretary of War Weeks.

Your committee held extensive hearings on the bill, going into the matter very carefully and at great length, and is of unanimous opinion and makes the following finding:

First, that the National War Labor Board was an authorized governmental agency.

Second, that the National War Labor Board acted entirely within its scope of authority in entering into an agreement with the employees mentioned in this bill.

Third, that the Government was legally, equitably, and morally bound by such an agreement.

Therefore your committee unanimously recommends that the proposed legislation be enacted into law.

The gentleman is mistaken as to the provisions of the bill and is confusing this bill with other legislation.

The men engaged in the Minnesota plants did not threaten to go on a strike. They stayed on the job and did their part to win the war. The War Department promised that they would receive the same wages as were paid for similar work in the same vicinity. This was the agreement as found and approved by the War Labor Board and approved by the Secretary of War.

Because one Member of the House can raise objection to the bill and stop consideration, does not mean that we will discontinue our effort in behalf of these laboring men. The fight will go on, and during the coming session of Congress either consideration will be given to this bill and similar measures, under the general rules of the House, or objection will be made to all private bills.

Mr. RAMSPECK. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore (Mr. MAPES). The regular order is demanded. Is there objection?

Mr. UNDERHILL. Mr. Speaker, I object.

COL. FRANK E. EVANS

The Clerk called the next bill, H. R. 4906, for the relief of Col. Frank E. Evans.

Mr. COLLINS. I object.

Mr. FORT. Mr. Speaker, will the gentleman reserve his objection?

Mr. COLLINS. Yes.

Mr. FORT. Has the gentleman read the supplementary report?

Mr. COLLINS. Yes; I have examined the bill and report very carefully.

Mr. FORT. I do not believe the gentleman is aware of all the intervening facts.

Mr. COLLINS. I give the gentleman my word that I am aware of all the intervening facts.

Mr. FORT. I doubt it, because they are not all in the report, if the gentleman will pardon me. This is a bill for the relief of Col. Frank Evans, of the Marine Corps, who was retired involuntarily, against his own protest, for an alleged acute permanent heart trouble in 1905.

I happen to know from an acquaintance with this gentleman of many years standing that during the entire period from 1905 to 1917 he endeavored to secure reinstatement in the service. The moment the war broke out he was accepted and reappointed, the War Department surgeons stating that their original diagnosis of acute permanent heart failure was wrong. He served at Belleau Wood as a commanding officer in the Marine Corps, and served throughout the war in that capacity. He has since served for five years in Haiti in a position of grave difficulty with great efficiency. The fact is that at the time—and this is the fact that is not in the supplementary report—that he reentered the service because we had gone to war in 1917, he was in a position of business responsibility that promised him a very substantial future income, which he forfeited by entering the service of the United States.

To refuse him now a reinstatement to the rank which he would have had, had his protest against his forced retirement been heeded—if the surgeons had properly diagnosed his case in the first instance—is to deny to him that future competency in his older age that he would have had either in the event that the original erroneous diagnosis had not been made or in the alternative event that he had hidden behind that old diagnosis when the Nation needed his services in 1917. He has lost out at both ends, first because of a wrong diagnosis and, second, because of his incurable patriotism. Under those conditions it seems to me that the man who has given the Government the service that he has given, who has not sought retirement for illness, who has served in the most critical hour of the Nation's need at Belleau Wood, as well as he did, should be entitled to the credit for service that he would have had if the original erroneous diagnosis had not been made. He is not a constituent of mine but I do know the facts from many years of acquaintance and friendship with him.

I hope the gentleman will withdraw his objection.

Mr. COLLINS. The bill merely provides that this gentleman will be credited as a part of his service for that period between February 28, 1905, and July 18, 1917.

Mr. FORT. Exactly.

Mr. COLLINS. And during over half of that time he was not in the service of the United States at all.

Mr. FORT. Because he had been forced out.

Mr. COLLINS. It does not make any difference what was the reason, the bill undertakes to credit him with a period of 12 years or 13 years, when he was not in the service during a large part of that time.

Mr. FORT. But the error was the error of the Government, and admittedly the error of the Government.

Mr. COLLINS. It does not make any difference what was the reason. Congress is asked to say that he was in the service during that time when, as a matter of fact, during over half of that period he was not in the service.

Mr. FORT. And therefore is entitling him, on retirement, to something like the financial standing he would have,

either if the original error had not been made, or if he had stayed in private business when the Nation needed him.

Mr. COLLINS. And in view of the facts that I have just stated, the Navy Department recommends against the enactment of the bill.

Mr. FORT. As they recommend against all, but the witness from the Navy Department who appeared before the committee did not make that recommendation.

Mr. COLLINS. I am very sorry, but I think this bill should be objected to.

Mr. COYLE. Will the gentleman further reserve his objection for a moment?

Mr. COLLINS. Certainly.

Mr. COYLE. The gentleman will bear in mind that at the time Colonel Evans came back into the Marine Corps in 1917 he did not come back, as was suggested at a prior hearing, by virtue of a private bill, but of a public bill which gave the right to all officers retired to come back into the service, provided they could establish their professional and physical qualifications. Of all of the list of retired officers there were but three who were able to re-establish themselves both physically and professionally. Colonel Evans was one of the three. One of the others is dead. The third one has since resigned from the service or retired from the service under the disabled emergency officers' retirement act. Colonel Evans is asking in this bill no more than the right which is practically given to every officer employee of the Veterans' Bureau who happens to rise up, as the gentleman from Texas pointed out the other day, tonsillitis or laryngitis or the heaves; and to-day he could not retire, even though he has been 30 years actually in close contact with the service, except that he retire on 20 per cent less pay than these men are getting as retired pay in the Veterans' Bureau.

It seems to me it honestly is a very fair measure of justice, and I hope the gentleman will not object.

Mr. COLLINS. As much as I think of the gentleman, I must object.

EDWINA R. MUNCHHOF

The Clerk called the next bill, H. R. 2281, for the relief of Edwina R. Munchhof.

Mr. STAFFORD. Reserving the right to object, when I first read the report I was inclined to think that this unfortunate flyer had made reservation from his pay checks for the insurance premium up to the time of his death; but on reading it over closely I find the following language in the director's letter in the last paragraph:

In his reply the Comptroller General incidentally advised, as will be noted by reference to the inclosed copy of his decision, that the bureau was in error on one point, to wit, that the insured deducted premiums from his pay account in February, 1928, stating that there was in his office the pay and allowance account for the month of February, 1928, signed by the insured, showing that he had made no deduction for the insurance premium for that month, and that said premium was not shown to have been paid otherwise.

Here is a man who met an unfortunate death on March 26, 1928. No deduction from his pay for the month of February was made. The insured must keep up his payments or direct that they should be kept up.

Mr. SINCLAIR. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. SINCLAIR. Under the regulations he had been having, prior to this payment, the insurance premiums deducted monthly from his pay voucher. That was being taken out by the bureau, and had been done for six months. There was some error with reference to the payment of one month in 1927—

Mr. STAFFORD. But I am directing inquiry to 1928.

Mr. SINCLAIR. But the bureau had taken out for six months prior to that, and he was under the impression that his insurance was paid at that time.

Mr. STAFFORD. I am directing inquiry to the payment just before his death. The deductions were for the period from September until February, 1928. Then the Comptroller General states that is a mistake; that there was no deduction for the month of February, 1928. He died on March 26. How can we justify paying the principal when he was in

default in the payment of the premiums for the second month before?

Mr. SINCLAIR. Let me tell the gentleman how that error came about. That error came about by reason of the failure of the bureau to make proper deduction when his insurance was converted in August, 1927, and he was 30 days behind in the payment of his premiums all the time, but the bureau did not notify him of it and let him go on and on for six or seven months. He always received his money. They did not say anything to him about his default.

Mr. STAFFORD. Does the gentleman contend that it is the duty of the Veterans' Bureau to inform a soldier when he is in default in the payment of his premiums?

Mr. SINCLAIR. I certainly do; yes.

Mr. STAFFORD. Is that the practice?

Mr. SINCLAIR. It is the practice. He was under military orders from the 1st of September and was sent from one post to another. Consequently he did not get his mail nor did he get the notices that were sent to him, and they were all the time, under the arrangement he had, deducting premiums from his pay check each month, he at the same time being one month or 30 days behind and not knowing it.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. COCHRAN of Missouri. The gentleman from Wisconsin started to read the concluding paragraph of General Hines's letter but he did not read the concluding sentence, which is:

Since that time the status of the case has not changed and the facts seem to disclose certain equities in favor of the payment of the insurance, but since the Comptroller General has advised me that it can not lawfully be paid, I wish to submit to the Congress the propriety of the enactment of special legislation in favor of Mrs. Edwina Munchhof.

Mr. STAFFORD. I had read that before several times but did not read it to the House.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. SCHAFER of Wisconsin. If I understand correctly, when this war-risk insurance lapsed this man was in the Regular Military Establishment.

Mr. SINCLAIR. No; but he was called to duty in the Regular Establishment afterwards. The facts are that the man's insurance had lapsed several times because of the nature of his employment, I presume, and in August, 1927, he had his insurance converted. It had lapsed some time in June prior to that, but he had paid up back insurance, and then in August it was converted and he paid the premiums. Then on the 1st of September, I believe it was, he was called to certain military duty, and for six months the premiums were deducted monthly from his pay check or pay voucher. In the meantime he had changed his address, in fact, he had moved from several places, and he did not get any of the notices that he was in default, but they were accepting six months' premiums right along and he thought he was insured all the time.

Mr. SCHAFER of Wisconsin. The gentleman states that when the insurance lapsed for nonpayment of the premium, it was due to the fact this man had changed his address and did not receive any of the notices. Then the gentleman further indicates that the premiums were being deducted from his salary and mailed direct to the bureau.

Mr. SINCLAIR. They were mailed direct to the bureau.

Mr. SCHAFER of Wisconsin. Then when he received his monthly salary, from which the premium for the month that had elapsed was not deducted, he would know on the face of it that it was not deducted, because he knew what salary he was getting.

Mr. SINCLAIR. Well, I do not know what that arrangement was. I know that his money was accepted by the Veterans' Bureau for six months after he was reinstated, and during all of that time he was under the impression that there was nothing wrong and there was nothing to indicate that there had been any lapse.

Mr. SCHAFER of Wisconsin. If he was in the Government service and while in the Government service the insurance premiums were deducted from his monthly pay check,

he certainly knew the first time the premiums were not deducted because he would receive the full amount of the check.

Mr. SINCLAIR. It was deducted right along.

Mr. STAFFORD. But for the month of February it is shown it was not deducted.

Mr. SCHAFER of Wisconsin. Then with reference to the fact that he did not receive any notices, there are 30 days' grace with reference to lapses, and my friend will recollect that in the Veterans' Bureau there is a definite provision that if a man does not report for medical examination compensation is discontinued, and the gentleman will find many cases where compensation has been discontinued because a man did not take sufficient interest to leave his forwarding address, and, therefore, the responsibility rested upon him.

Mr. SINCLAIR. I tried to show to the other gentleman from Wisconsin that when the Veterans' Bureau went back and looked over their report they found they had been crediting this man with his premium and then from his February salary they took out the premium, but it was applied to the month back of that.

Mr. SCHAFER of Wisconsin. They applied it to what month?

Mr. SINCLAIR. To the January premium.

Mr. SCHAFER of Wisconsin. Then the gentleman means to say that the Veterans' Bureau, by a bookkeeping arrangement, took these war-risk insurance premiums out of this man's salary check and made it apply to the month before?

Mr. SINCLAIR. Yes. They made it apply to the month back of that and then to the current month.

Mr. SHORT of Missouri. The mistake was made by the Veterans' Bureau, not by the man, and General Hines states that there are equities in this case which can not be ignored. He also states that as this case can not be lawfully settled by the bureau, it is up to the Congress to pass this relief measure.

Mr. SCHAFER of Wisconsin. Did General Hines testify that the insurance had lapsed by reason of the negligence of one of his officials? Did General Hines in any report or by personal appearance before the committee indicate that the insurance had elapsed by reason of the negligence of the Veterans' Bureau?

Mr. SINCLAIR. No; we will not say that.

Mr. SHORT of Missouri. Yes; the Comptroller General and General Hines both state—

That the bureau was in error on one point; to wit, that the insured deducted premiums from his pay account in February, 1928, stating that there was in his office "the pay and allowance account."

Mr. STAFFORD. That has reference to another statement where the comptroller previously had said they deducted the money for that month, but they corrected their error.

Mr. SINCLAIR. The committee feels it is a meritorious case and certainly ought to be paid.

Mr. SCHAFER of Wisconsin. In view of the fact there are hundreds and thousands of veterans that have an interest in the insurance fund and in view of the fact that this bill provides for a \$10,000 appropriation out of the insurance fund, I am going to object.

Mr. SINCLAIR. I hope the gentleman is not going to put it on that basis. This will not in any way jeopardize the insurance fund.

Mr. SHORT of Missouri. What has the amount to do with the consideration of such a claim anyway, whether it is \$5 or \$5,000?

Mr. SCHAFER of Wisconsin. The same committee reported out a bill to take \$10,000 out of the insurance fund to pay benefits on the insurance of a man who may be a deserter or who may be living now in France.

Mr. SHORT of Missouri. That is not this case.

Mr. SCHAFER of Wisconsin. If you are going to take \$10,000 out of that fund here and \$10,000 there, it is going to be reflected in the insurance dividends of the thousands of war veterans who are carrying insurance.

Mr. SHORT of Missouri. Does not the gentleman think the individual bills should be decided upon their merits?

Mr. SCHAFER of Wisconsin. Yes; I do.

Mr. SHORT of Missouri. And remember that the director says in his closing statement that there are—

Equities in favor of the payment of the insurance, but since the Comptroller General has advised me that it can not lawfully be paid, I wish to submit to the Congress the propriety of the enactment of special legislation.

Mr. SCHAFER of Wisconsin. If the insurance was not in force at the time of the death of this man, due to the fact that there was a mistake in bookkeeping in the Veterans' Bureau, then the director of the Veterans' Bureau should have clearly and unmistakably informed the committee of that fact, and then I would have no objection to the bill, but until I can get definite information to the effect that the responsibility for the lapse is upon the Veterans' Bureau I am going to object.

I object, Mr. Speaker.

LIEUT. COMMANDER CORNELIUS DUGAN (RETIRED)

Mr. HALE. Mr. Speaker, because the gentleman who previously objected has informed me he will not object, I ask unanimous consent to return to Calendar No. 414, H. R. 816, a bill for the relief of Lieut. Commander Cornelius Dugan (retired).

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I do not recall who objected to the bill—

Mr. HALE. The gentleman from Mississippi [Mr. COLLINS] objected.

Mr. STAFFORD. I have it marked for objection.

Mr. COLLINS. I withdrew my objection because I found it is not a congressional promotion.

Mr. PATTERSON. May I say to the gentleman that I was inclined to object and I looked into the matter and obtained some information, and I now believe it is a meritorious claim and I hope the gentleman from Wisconsin will not object.

Mr. HALE. I thank the gentleman from Alabama.

Mr. STAFFORD. Is this the case of an aged man who has already received one recognition?

Mr. HALE. Yes; he enlisted in the United States Navy in 1860 and served continuously for over 50 years, during the Civil War, the Spanish-American War, and the World War.

Mr. BLANTON. After we pass this bill is the chairman going to move to adjourn?

Mr. HALE. Yes; that is why I waited until all the others had had their chance.

Mr. STAFFORD. We have the following language from the Secretary of the Navy:

However, approval of a bill of this nature perhaps would set an undesirable precedent and other chief warrant officers would undoubtedly request similar legislation.

Mr. HALE. Mr. Speaker, I think the gentleman from Wisconsin will realize that if there is another case like this in the history of the country the precedent is a very desirable one to be established.

Mr. STAFFORD. The gentleman in the existing Congress will not use this as a precedent for other similar bills?

Mr. HALE. I do not think there is another case like this that could arise.

Mr. STAFFORD. There are bills of this kind before the Committee on Military Affairs, and I do not want this to be taken as a precedent.

Mr. HALE. The gentleman from Wisconsin is too fair-minded, I think, to object to this measure.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Navy is authorized to increase the rate of pay of Lieut. Commander Cornelius Dugan from that which he is now receiving as a retired officer of the Navy to the retired pay and allowance of his rank.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS THE SALINE RIVER, ARK.

Mr. GLOVER. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 15766) granting the consent of Congress to the Arkansas State Highway Commission to maintain and operate, as constructed, a free highway bridge across Saline River near Kingsland, Ark., on State Highway No. 3, from Pine Bluff to Fordyce, Ark.

The SPEAKER. The Chair understands that there is a strong emergency for this legislation.

Mr. GLOVER. Yes.

The SPEAKER. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Arkansas State Highway Commission and their successors and assigns to maintain and operate the free highway bridge and approaches thereto, as constructed, across Saline River, in the county of Cleveland and the State of Arkansas, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

Sec. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The SPEAKER. Is there objection?

There was no objection.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion by Mr. GLOVER to reconsider the vote whereby the bill was passed was laid on the table.

ANNUAL REPORT OF THE ALIEN PROPERTY CUSTODIAN

The SPEAKER laid before the House the following message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Interstate and Foreign Commerce and ordered printed:

To the Congress of the United States:

In accordance with the requirements of section 6 of the trading with the enemy act, I transmit herewith for the information of the Congress the annual report of the Alien Property Custodian on proceedings had under the trading with the enemy act for the year ended December 31, 1930.

HERBERT HOOVER.

THE WHITE HOUSE, February 6, 1931.

ENROLLED BILLS SIGNED

Mr. CAMPBELL of Pennsylvania, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 2335. An act providing for the promotion of Chief Boatswain Edward Sweeney, United States Navy, retired, to the rank of lieutenant (junior grade) on the retired list of the Navy.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 3165. An act conferring jurisdiction upon the Court of Claims to hear, consider, and report upon a claim of the Choctaw and Chickasaw Indian Nations or Tribes for fair and just compensation for the remainder of the leased district lands.

BILLS PRESENTED TO THE PRESIDENT

Mr. CAMPBELL of Pennsylvania, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President for his approval bills of the House of the following titles:

H. R. 2335. An act providing for the promotion of Chief Boatswain Edward Sweeney, United States Navy, retired, to the rank of lieutenant (junior grade) on the retired list of the Navy; and

H. R. 15592. An act making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1931, and for prior fiscal years, to provide urgent supplemental appropriations for the fiscal year ending June 30, 1931, and for other purposes.

ADJOURNMENT

Mr. IRWIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 30 minutes p. m.) the House adjourned until to-morrow, Saturday, February 7, 1931, at 12 o'clock noon.

COMMITTEE HEARINGS

Mr. TILSON submitted the following tentative list of committee hearings scheduled for Saturday, February 7, 1931, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON APPROPRIATIONS

(10 a. m.)

Second deficiency bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

816. A communication from the President of the United States, transmitting a supplemental estimate of appropriation pertaining to the Legislative Establishment, United States Senate, for the fiscal year 1931, in the sum of \$2,500 (H. Doc. No. 737); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. TEMPLE: Committee on Foreign Affairs. H. J. Res. 479. A joint resolution authorizing an appropriation in the sum of \$4,000 as a contribution of the United States to the construction of a monument at Saint-Gaudens, France, to the memory of Augustus Saint-Gaudens; without amendment (Rept. No. 2520). Referred to the Committee of the Whole House on the state of the Union.

Mr. BRIGHAM: Committee on Agriculture. H. R. 16836. A bill to amend the act entitled "An act defining butter, also imposing a tax upon and regulating the manufacture, sale, importation, and exportation of oleomargarine," approved August 2, 1886, as amended; without amendment (Rept. No. 2532). Referred to the Committee of the Whole House on the state of the Union.

Mr. EATON of Colorado: Committee on the Public Lands. H. R. 15002. A bill concerning oil-shale lands; with amendment (Rept. No. 2537). Referred to the Committee of the Whole House on the state of the Union.

Mr. HAUGEN: Committee on Agriculture. S. 4856. An act to authorize the Secretary of Agriculture to sell the Morton Nursery site, in the county of Cherry, State of Nebraska; without amendment (Rept. No. 2538). Referred to the Committee of the Whole House on the state of the Union.

Mr. HAUGEN: Committee on Agriculture. S. J. Res. 212. A joint resolution to coordinate the fiscal business of the United States Department of Agriculture and the Alaska Game Commission in Alaska, and for other purposes; without amendment (Rept. No. 2539). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SPEAKS: Committee on Military Affairs. H. R. 11321. A bill for the relief of Hannah M. Gray; without amendment (Rept. No. 2521). Referred to the Committee of the Whole House.

Mr. FISHER: Committee on Military Affairs. H. R. 12671. A bill for the relief of W. W. Giles; with amendment (Rept. No. 2522). Referred to the Committee of the Whole House.

Mr. SPEAKS: Committee on Military Affairs. H. R. 12883. A bill for the relief of Seymour H. Dotson, otherwise

known as William Dodson; without amendment (Rept. No. 2523). Referred to the Committee of the Whole House.

Mr. DOUGLAS of Arizona: Committee on Military Affairs. S. 35. An act for the relief of James W. Nugent; with amendment (Rept. No. 2524). Referred to the Committee of the Whole House.

Mr. COCHRAN of Pennsylvania: Committee on Military Affairs. S. 155. An act for the relief of Jesse J. Britton; without amendment (Rept. No. 2525). Referred to the Committee of the Whole House.

Mr. CLARK of North Carolina: Committee on Claims. S. 1918. An act for the relief of Irene Strauss; without amendment (Rept. No. 2526). Referred to the Committee of the Whole House.

Mr. IRWIN: Committee on Claims. S. 3050. An act for the relief of James M. Booth; without amendment (Rept. No. 2527). Referred to the Committee of the Whole House.

Mr. IRWIN: Committee on Claims. S. 4434. An act for the relief of Walter J. Bryson Paving Co.; without amendment (Rept. No. 2528). Referred to the Committee of the Whole House.

Mr. IRWIN: Committee on Claims. H. R. 6647. A bill for the relief of G. Elias & Bro. (Inc.); without amendment (Rept. No. 2529). Referred to the Committee of the Whole House.

Mr. SCHAFER of Wisconsin: Committee on Claims. H. R. 10195. A bill for the relief of Mildred B. Crawford; with amendment (Rept. No. 2530). Referred to the Committee of the Whole House.

Mr. RAMSPECK: Committee on Claims. H. R. 14316. A bill for the relief of Fitzhugh Robinson; with amendment (Rept. No. 2531). Referred to the Committee of the Whole House.

Mrs. KAHN: Committee on Military Affairs. H. R. 11569. A bill for the relief of James T. Barkley; with amendment (Rept. No. 2533). Referred to the Committee of the Whole House.

Mr. DOUGLAS of Arizona: Committee on Military Affairs. H. R. 868. A bill for the relief of William Kelley; with amendment (Rept. No. 2534). Referred to the Committee of the Whole House.

Mr. SPEAKS: Committee on Military Affairs. H. R. 12456. A bill for the relief of Nellie Oliver; without amendment (Rept. No. 2535). Referred to the Committee of the Whole House.

Mr. WAINWRIGHT: Committee on Military Affairs. H. R. 15057. A bill for the relief of Thomas G. Carlin; without amendment (Rept. No. 2536). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DUNBAR: A bill (H. R. 16907) to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Cannelton, Ind.; to the Committee on Interstate and Foreign Commerce.

By Mr. ALMON: A bill (H. R. 16908) to amend the World War veterans' act of 1924, as amended; to the Committee on World War Veterans' Legislation.

By Mr. KETCHAM: A bill (H. R. 16909) to provide for the control of soil erosion, prevent the silting of navigable waterways, preserve and replenish underground sources of streams, perpetuate water resources, and reduce losses from drought; to the Committee on Agriculture.

By Mr. LEAVITT: A bill (H. R. 16910) for the construction and equipping of a hospital on the Crow Indian Reservation; to the Committee on Indian Affairs.

By Mr. CROSSER: A bill (H. R. 16911) to promote interstate commerce, agriculture, and the general welfare by providing for the development and control of waterways and water resources, for water conservation, for flood control, prevention, and protection; for the application of flood waters to beneficial uses; and for cooperation in such work with States and other agencies, and for other purposes; to the Committee on Rivers and Harbors.

By Mr. GOLDSBOROUGH: A bill (H. R. 16912) to name the Sixteenth Street entrance to the District of Columbia Blair Place; to the Committee on the District of Columbia.

By Mr. HOUSTON of Hawaii: A bill (H. R. 16913) to amend the act entitled "An act to extend the provisions of certain laws to the Territory of Hawaii," approved March 10, 1924; to the Committee on the Territories.

By Mr. WILLIAMSON: A bill (H. R. 16914) to transfer certain forest lands to the State of South Dakota for public-park purposes and creating the Mount Rushmore reservation; to the Committee on the Public Lands.

By Mr. LEAVITT: A bill (H. R. 16915) authorizing the purchase of the State laboratory at Hamilton, Mont., constructed for the prevention, eradication, and cure of spotted fever; to the Committee on Interstate and Foreign Commerce.

By Mr. DAVIS: Resolution (H. Res. 352) to provide for the printing of certain historical statements concerning the Battle of Stones River, in the State of Tennessee; to the Committee on Printing.

By Mr. LaGUARDIA: Joint resolution (H. J. Res. 491) to provide cash loans for veterans of the World War; to the Committee on Ways and Means.

By Mr. SCHAFER of Wisconsin: Joint resolution (H. J. Res. 492) directing the President to proclaim October 11, 1931, General Pulaski memorial day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

By Mr. EVANS of Montana: Memorial of the State Legislature of the State of Montana, memorializing the Congress of the United States for the passage of the Interior Department appropriation bill; to the Committee on Appropriations.

By Mr. McSWAIN: Memorial of the State Legislature of the State of South Carolina, memorializing the Congress of the United States that the radio broadcasting power for the State of South Carolina be increased from its present figure to as large a figure as is possible; to the Committee on the Merchant Marine and Fisheries.

Also, memorial of the State Legislature of the State of South Carolina, memorializing the Congress of the United States to urge the aid of the United States by an appropriation, and if the Red Cross will not accept and distribute the appropriation, that this amount be disbursed from some organization competent to get relief to the people who so sorely need it; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACKBURN: A bill (H. R. 16916) granting a pension to Robert W. Creech (with accompanying papers); to the Committee on Invalid Pensions.

By Mr. BLAND: A bill (H. R. 16917) to authorize and direct the appointment of Levin Milton Price as a first lieutenant, United States Army; to the Committee on Military Affairs.

By Mr. BOWMAN: A bill (H. R. 16918) granting an increase of pension to Nancy Jane Shaffer; to the Committee on Invalid Pensions.

By Mr. BRAND of Ohio: A bill (H. R. 16919) granting an increase of pension to Julia Johnson; to the Committee on Invalid Pensions.

By Mr. BURTNESS: A bill (H. R. 16920) for the relief of W. H. Comrie, jr.; to the Committee on World War Veterans' Legislation.

By Mr. FITZGERALD: A bill (H. R. 16921) granting a pension to George M. Young; to the Committee on Pensions.

Also, a bill (H. R. 16922) for the relief of Thomas Butterfield; to the Committee on Military Affairs.

By Mr. GASQUE: A bill (H. R. 16923) granting a pension to Samuel W. Mabery; to the Committee on Pensions.

By Mr. GAMBRILL: A bill (H. R. 16924) granting an increase of pension to Frank Coalman; to the Committee on Invalid Pensions.

By Mr. HOGG of West Virginia: A bill (H. R. 16925) granting an increase of pension to Mary E. Cable; to the Committee on Invalid Pensions.

Also, a bill (H. R. 16926) granting a pension to Margaret J. McClure; to the Committee on Invalid Pensions.

By Mr. IRWIN: A bill (H. R. 16927) for the relief of S. F. Stacher; to the Committee on Claims.

By Mr. JENKINS: A bill (H. R. 16928) granting a pension to Belle M. Hailey; to the Committee on Invalid Pensions.

By Mr. LEAVITT: A bill (H. R. 16929) for the relief of Lizzie Flat Head Woman; to the Committee on Indian Affairs.

Also, a bill (H. R. 16930) for the relief of Reuben Spotted Horse; to the Committee on Indian Affairs.

Also, a bill (H. R. 16931) for the relief of Martha Carpenter; to the Committee on Indian Affairs.

Also, a bill (H. R. 16932) for the relief of Thomas C. LaForge; to the Committee on Indian Affairs.

By Mr. MOUSER: A bill (H. R. 16933) granting an increase of pension to Marcella J. Hutchins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 16934) granting an increase of pension to Elizabeth Owens; to the Committee on Invalid Pensions.

Also, a bill (H. R. 16935) granting an increase of pension to Charlotte McMillen; to the Committee on Invalid Pensions.

Also, a bill (H. R. 16936) granting an increase of pension to Sarah M. Wade; to the Committee on Invalid Pensions.

By Mr. McCLINTIC of Oklahoma: A bill (H. R. 16937) to provide for the extension of improvements on the west side of Georgia Avenue, north of Princeton Place, in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mrs. OWEN: A bill (H. R. 16938) granting a pension to Susan Bragg Mitchell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 16939) granting a pension to Bessie Hall; to the Committee on Invalid Pensions.

By Mr. PURNELL: A bill (H. R. 16940) granting an increase of pension to Martha J. Spencer; to the Committee on Invalid Pensions.

By Mr. SMITH of Idaho: A bill (H. R. 16941) for the relief of Lincoln Wedel; to the Committee on Claims.

By Mr. SOMERS of New York: A bill (H. R. 16942) granting a pension to Mary L. Fitzgerald; to the Committee on Invalid Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 16943) granting a pension to Jennie Keck; to the Committee on Invalid Pensions.

Also, a bill (H. R. 16944) granting a pension to Josie Cox; to the Committee on Pensions.

By Mr. TINKHAM: A bill (H. R. 16945) for the relief of Samuel C. Davis; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9141. By Mr. AYRES: Petition of citizens of Wichita, Kans., in behalf of House bill 9986, which proposes a social board of control to examine scenarios before they are produced; to the Committee on Interstate and Foreign Commerce.

9142. By Mr. BACHMANN: Petition of Raymond J. Falland and other veterans of Ohio Valley, Wheeling, W. Va., recommending immediate payment in full of the respective amounts of adjusted-compensation certificates; to the Committee on Ways and Means.

9143. By Mr. BACON: Petitions of sundry residents of Long Island, praying for enactment of legislation prohibiting use of dogs for vivisection purposes in the District of Columbia; to the Committee on the District of Columbia.

9144. By Mr. CANFIELD: Resolution of Joseph N. Schreder, adjutant of Franklin Post, No. 205, of American

Legion, of Franklin, Ind., urging the passage of legislation for the immediate retirement of the adjusted-service certificates in cash; to the Committee on Ways and Means.

9145. Also, resolution of Joseph N. Schreder, adjutant of Franklin Post, No. 205, of the American Legion, of Franklin, Ind., urging the passage of legislation to provide pensions to widows and orphans of deceased veterans and veterans with service-connected, chronic constitutional disabilities to January 1, 1925, also immediate action on hospital construction program and provide hospitalization for all non-service-connected cases; to the Committee on World War Veterans' Legislation.

9146. By Mr. CLARKE of New York: Petition of the members of the Woman's Christian Temperance Union of Bainbridge, N. Y., urging Congress to enact a law for the Federal supervision of motion pictures, establishing higher standards before production for films that are to be licensed for interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

9147. Also, petition of the members of the Woman's Christian Temperance Union, Hancock, N. Y., urging Congress to enact a law for the Federal supervision of motion pictures, establishing higher standards before production for films that are to be licensed for interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

9148. By Mr. CULLEN: Petition of the board of directors of the Maritime Association of the Port of New York, strongly urging upon Congress the desirability of providing an early appropriation that will permit of the acquirement of boats and other essential equipment that will enable the captain of the port to maintain a more effective supervision and control over conditions in New York Harbor; to the Committee on Rivers and Harbors.

9149. By Mr. HOGG of West Virginia: Petition of American Legion Auxiliary, Post No. 16, Huntington, W. Va., indorsing the amendment to the veterans act as proposed by the national convention and the national legislative committee of the American Legion; to the Committee on Ways and Means.

9150. Also, petition of Kiwanis Club, of Sistersville, W. Va., indorsing the measure to restrict and limit the large importation of crude oil and its main refined products into the United States; to the Committee on Ways and Means.

9151. By Mr. HUDSON: Resolution adopted by the Genesee County Guernsey Breeders' Association, opposing the ruling of the Commissioner of Internal Revenue, Washington, D. C., for the use of unbleached yellow palm oil in substantial quantities in the manufacture of oleomargarine without subjecting the finished product to a tax at the rate of 10 cents per pound; to the Committee on Agriculture.

9152. By Mr. HUDSPETH: Petition of American Legion Post, No. 234, Fort Stockton, Tex., urging that adjusted-compensation certificates be paid in cash at this time; to the Committee on Ways and Means.

9153. By Mr. JAMES of Michigan: Petition of American Legion Auxiliary, Negaunee, Mich., urging the immediate action on World War veterans' act and hospital construction program; to the Committee on World War Veterans' Legislation.

9154. By Mr. LEHLBACH: Petition of citizens of the State of New Jersey, urging the passage of House bill 7884 for the exemption of dogs from vivisection in the District of Columbia; to the Committee on the District of Columbia.

9155. By Mr. LINDSAY: Petition of the executive member, the officers, the board of governors, and the membership of the Greenpoint People's Regular Democratic Club, of the fifteenth assembly district, Brooklyn, N. Y., favoring immediate passage of legislation providing for cash redemption of adjusted-service compensation certificates for World War veterans; to the Committee on Ways and Means.

9156. By Mr. McCLINTOCK of Ohio: Petition of Rev. W. H. Stewart, Dora Ramsey, and 52 members of the First Methodist Episcopal Church, of Dennison, Ohio, favoring House Joint Resolution 356, providing for an amendment to the United States Constitution excluding unnaturalized

aliens when making apportionment for congressional districts; to the Committee on the Judiciary.

9157. By Mr. McCORMACK of Massachusetts: Petition of Boston Post, No. 22, Jewish War Veterans of the United States, A. N. Simons, liaison officer, care of United States Veterans' Bureau, 600 Washington Street, Boston, Mass., unanimously recommending early enactment of legislation providing for the cash payment at this time of adjusted-service certificates; to the Committee on Ways and Means.

9158. By Mr. MERRITT: Petition of sundry citizens of Greenwich, Conn., favoring the House Joint Resolution No. 356 providing for an amendment to the United States Constitution excluding unnaturalized aliens when making apportionment for congressional districts; to the Committee on the Judiciary.

9159. Also, petition of sundry residents of the fourth congressional district of the State of Connecticut, urging the passage of House bill 7884 providing for the exemption of dogs from vivisection in the District of Columbia; to the Committee on the District of Columbia.

9160. By Mr. MOORE of Virginia: Petition of Moore Metal Co., Greensburg, Pa., expressing opposition to an extra session of Congress; to the Committee on Ways and Means.

9161. By Mr. SELVIG: Petition of American Legion Post, of Stephen, Minn., supporting full cash payment of adjusted-service certificates; to the Committee on Ways and Means.

9162. Also, petition of American Legion Post, of Perham, Minn., in support of immediate payment of adjusted-service certificates; to the Committee on Ways and Means.

9163. By Mr. SINCLAIR: Telegrams from veterans of foreign wars and Ex-Service Men's Civic Club, Minot, N. Dak., and letter from S. M. Foote Post, No. 161, Flaxton, N. Dak., favoring immediate payment of adjusted-compensation certificates in full; to the Committee on Ways and Means.

9164. By Mr. SPARKS: Petition of the Community Young Women's Christian Association, of Smith Center, Kans., favoring Federal supervision of motion pictures as provided in the Grant Hudson picture bill, H. R. 9986; to the Committee on Interstate and Foreign Commerce.

9165. Also, petition of the Lawn Ridge Woman's Christian Temperance Union, of St. Francis, Kans., favoring Federal supervision of motion pictures as provided in the Grant Hudson picture bill, H. R. 9986; to the Committee on Interstate and Foreign Commerce.

9166. By Mr. SULLIVAN of Pennsylvania: Protest of the National Council of Catholic Women, of Pittsburgh, Pa., with membership of 15,000 women, to Senate bill 4582 amending the tariff act and criminal code; to the Committee on the Judiciary.

9167. By Mr. TINKHAM: Petition of 330 residents of the eleventh Massachusetts congressional district, favoring passage of House bill 7884 for the exemption of dogs from vivisection in the District of Columbia; to the Committee on the District of Columbia.

9168. By Mr. UNDERHILL: Petition of residents of Massachusetts interested in House bill 7884; to the Committee on the District of Columbia.

9169. By Mr. WYANT: Petition of Boswell Lumber Co., Boswell, Pa., opposing cash payment of World War veterans' adjusted-service certificates and opposing extra session of Congress; to the Committee on Ways and Means.

9170. Also, petition of M. W. Crownover, manager of Westmoreland Water Co., protesting against soldiers' bonus bill; to the Committee on Ways and Means.

9171. Also, petition of Juliet A. Hyskell and Helen Hyskell, of Scottdale, Pa., urging support of Sparks-Capper stop alien representation amendment; also, bill for closer supervision of motion pictures and favoring department of education in the Cabinet; to the Committee on Interstate and Foreign Commerce.

9172. Also, petition of Paintertown Union Sunday School, of Paintertown, Westmoreland County, Pa., urging support of Sparks-Capper amendment eliminating 7,500,000 aliens from count in proposed congressional reapportionment; to the Committee on the Judiciary.

9173. Also, petition of citizens of Latrobe, urging support of Sparks-Capper amendment excluding approximately 7,500,000 unnaturalized aliens from count of population in congressional reapportionment; to the Committee on the Judiciary.

SENATE

SATURDAY, FEBRUARY 7, 1931

(Legislative day of Monday, January 26, 1931)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. GOFF. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Frazier	McKellar	Smith
Barkley	George	McMaster	Smoot
Bingham	Gillett	McNary	Stetler
Black	Glass	Morrison	Stephens
Blaine	Glenn	Morrow	Swanson
Blease	Goff	Moses	Thomas, Idaho
Borah	Gould	Norbeck	Thomas, Okla.
Bratton	Hale	Norris	Townsend
Brookhart	Harris	Nye	Trammell
Broussard	Harrison	Oddie	Vandenberg
Bulkeley	Hastings	Patterson	Wagner
Capper	Hatfield	Phipps	Walcott
Caraway	Hayden	Pine	Walsh, Mass.
Carey	Hebert	Pittman	Walsh, Mont.
Connally	Heflin	Ransdell	Waterman
Copeland	Howell	Reed	Watson
Couzens	Johnson	Robinson, Ark.	Wheeler
Dale	Jones	Robinson, Ind.	Williamson
Davis	Kendrick	Sheppard	
Fess	King	Shipstead	
Fletcher	La Follette	Shortridge	

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following memorial of the Legislature of the State of Washington, which was referred to the Committee on Agriculture and Forestry:

Senate Joint Memorial 2. (By Senator Barnes)

We, your memorialists, the Senate and House of Representatives of the State of Washington, in legislative session assembled, most respectfully represent and petition as follows:

Whereas many of the drainage and diking districts of this State which were organized near the close of the World War or soon thereafter had their works constructed at an abnormally high cost and now are called upon to repay their costs out of the present low returns from farm crops, and prices for farm products are so low and their assessment costs so high that the settlers in many such districts are facing financial ruin and are in many cases abandoning their farms to be sold for taxes and assessments; and

Whereas Senate bill No. 4123, known as the Glenn-Smith bill, designed to relieve such districts by refinancing them has already passed the United States Senate and is now pending in the House of Representatives: Now, therefore

The Legislature of the State of Washington respectfully petition the Congress of the United States to enact said bill into law at its present session; and be it further

Resolved, That this memorial be immediately forwarded to both branches of Congress, and to the Senators and Representatives in Congress from the State of Washington.

And your memorialists will ever pray.

Passed the senate January 26, 1931.

Passed the house January 30, 1931.

Mr. COPELAND. Mr. President, I present several memorials from my State in opposition to the full cash payment of the soldiers' bonus. I do so without prejudice or the expression of personal opinion.

The VICE PRESIDENT. The memorials will be received and appropriately referred.

Mr. COPELAND presented memorials of sundry citizens of the city of New York, N. Y., remonstrating against the full cash payment of soldiers' adjusted compensation certificates at this time, which were referred to the Committee on Finance.

Mr. PATTERSON presented petitions of sundry citizens of Kansas City, St. Louis, and Joplin, all in the State of Missouri, praying for the passage of legislation for the exemp-